FRANCHISE DISCLOSURE DOCUMENT

Swim Right Academy, Inc.
a California corporation
5870 W. Olympic Boulevard
Los Angeles, CA 90036
Phone: (720) 420-0433
Email: molly@swimrightacademy.com
www.swimrightacademy.com

SwimRight Academy businesses operate swim schools which provide private and group swimming lessons for adults and children of all ages, and other related products and services under the SwimRight Academy name and marks ("SwimRight Academy Business(es)").

The total investment necessary to begin operation of a SwimRight Academy Business franchise ranges from $706,310 to $1,816,380, including $39,160 to $39,300 which must be paid to the franchisor or its affiliates.

SwimRight Academy Business area developers ("Area Developers") acquire the right to develop multiple SwimRight Academy Businesses in a designated development area. The total investment necessary to become an Area Developer will depend on the number of SwimRight Academy Businesses to be opened.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Molly Goldberg at 5870 W. Olympic Boulevard, Los Angeles, CA 90036; molly@swimrightacademy.com; or (720) 420-0433.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. In addition, there may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: September 4, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION/LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION/LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE/LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT REQUIRES THAT SPOUSES MUST SIGN A GUARANTY MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE AGREEMENT, PLACING PERSONAL ASSETS AT RISK.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Dates: See next page for state effective dates.

STATE EFFECTIVE DATES

The following states require the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Effective Dates for States Requiring Registration and Notice Filings:

STATE	EFFECTIVE DATE
CALIFORNIA	PENDING
HAWAII	NOT REGISTERED
ILLINOIS	NOT REGISTERED
INDIANA	PENDING
MARYLAND	NOT REGISTERED
MICHIGAN	NOT REGISTERED
MINNESOTA	NOT REGISTERED
NEW YORK	NOT REGISTERED
NORTH DAKOTA	NOT REGISTERED
RHODE ISLAND	NOT REGISTERED
SOUTH DAKOTA	NOT REGISTERED
VIRGINIA	PENDING
WASHINGTON	NOT REGISTERED
WISCONSIN	NOT REGISTERED

NOTICE REQUIRED BY STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

<u>**TABLE OF CONTENTS**</u>

<u>EXHIBITS</u>:

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE-SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE-SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT <u>EXHIBIT F</u>.

ITEM 1
THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "SRA," and "we," "us," or "our" means Swim Right Academy, Inc., the franchisor. "You," "your," and "Franchisee" means the person, and its owners if the Franchisee is a business entity, who buys the franchise from SRA.

The Franchisor and Affiliates

SRA (formerly known as LKSA Franchising, Inc.) is a California corporation incorporated on January 19, 2018. We operate under the names Swim Right Academy, Inc., Lenny Krayzelburg Swim Academy, and no other name. Our principal business address is 5870 W. Olympic Boulevard, Los Angeles, CA 90036. We began offering franchises for SwimRight Academy Businesses in July 2018. We do not conduct business under any other name or in any other line of business, and we do not offer franchises in any other line of business. We do not conduct any other business other than franchising SwimRight Academy Businesses. We have no predecessor or parent entities.

Our affiliate, LK IP Holdings, Inc. ("LK Holdings"), owns the intellectual property and trademarks for the SwimRight Academy Franchise System and licenses it to us. LK Holdings is a California corporation with a principal business address of 5870 W. Olympic Boulevard, Los Angeles, CA 90036.

Our affiliate, LK Sports, Inc. ("LK Sports") has granted licenses since 2009 for the operation of a business that has similar characteristics to the SwimRight Academy Businesses offered under this Franchise Disclosure Document under the name "Lenny Krayzelburg Swim Academy." As of the date of this Franchise Disclosure Document, LK Sports currently has nine open and operating licensees ("Licensed Locations"). LK Sports may grant additional licenses under the Lenny Krayzelburg Swim Academy brand. LK Sports sells swim-related merchandise and curriculum materials to its licensees, our affiliates, and will also offer the same to franchisees. LK Sports is a California corporation with a principal business address of 9000 Cynthia Street, Unit 204, West Hollywood, CA 90069.

We have two affiliates that operate a business similar to the type offered in this Franchise Disclosure Document. These affiliates do not provide products or services to franchisees, and have not offered franchises in any other line of business.

None of our affiliates has offered franchises in this or any other line of business.

Our agent for service of process in California is Michael Wolf. His principal business address is 11400 West Olympic Boulevard, 9th Floor, Los Angeles, CA 90064. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

We offer franchises ("SwimRight Academy Franchise(s)" or "Franchise(s)") for the use of our "SWIMRIGHT ACADEMY" trademarks, trade names, service marks, and logos ("Marks") for the operation of SwimRight Academy Businesses. SwimRight Academy Businesses are operated under our proprietary system ("System"). The System utilizes our proprietary eight-level "SwimRight Method©." The System may be changed or modified by us throughout your ownership of the Franchise.

Founded by four-time Olympic gold medalist, Lenny Krayzelburg, SwimRight Academy Businesses provide private and group lessons for adults and children of all ages. SwimRight Academy Businesses create a positive experience through a proven swim method in a safe, energetic environment. The SwimRight Method© teaches and inspires adults and children to be water safe, utilizing the swim-float-swim technique as the foundation. The lessons also incorporate survival testing and the use of motivational tools. You will operate your SwimRight Academy Business from an approved location ("Academy"). You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C ("Franchise Agreement"). You may operate one SwimRight Academy Business for each Franchise Agreement you sign.

We also offer to select qualified persons the opportunity to sign our area development agreement ("Area Development Agreement") and acquire the right to develop multiple SwimRight Academy Businesses in a designated development area ("Development Territory") in accordance with a specified development schedule ("Development Schedule"). The Development Territory will be established based on the consumer demographics of the Development Territory, geographical area, city, county, and other boundaries. If you enter into an Area Development Agreement, you must sign a Franchise Agreement for your first SwimRight Academy Business ("Initial Franchise Agreement") at the same time that you sign the Area Development Agreement. You will be required to sign our then-current form of SwimRight Academy Franchise Agreement for each SwimRight Academy Business that you develop under the Area Development Agreement. Unless otherwise stated, any reference in this Franchise Disclosure Document to "you" or "franchisee" includes you both as an Area Developer under an Area Development Agreement, and as a franchisee under a Franchise Agreement.

Unless otherwise stated, any reference in this Franchise Disclosure Document to "you" or "franchisee" includes you both as an Area Developer under an Area Development Agreement, and as a franchisee under a Franchise Agreement.

Market and Competition

SwimRight Academy Businesses service the needs of the general public. While you will provide your products and services to the general public, your target market will be the parents of children from birth to 15 years of age and beyond and adults. Our services are not seasonal in nature. The children's swimming lessons sector is competitive and well-developed. SwimRight Academy Businesses compete with other businesses, including franchised operations, national chains and other professionals who specialize in the children's swimming school industry offering swimming lesson services. Despite this competition, we believe that SwimRight Academy Businesses will appeal to customers because of the variety of services offered, the unique brand awareness resulting from the association with a four-time Olympic gold medalist, expert and professional service, and other distinctive characteristics. You will also face normal business risks that could have an adverse effect on your SwimRight Academy Business. These include industry developments, such as pricing policies of competitors, and supply and demand.

Industry-Specific Laws

Certain states and local jurisdictions may have enacted laws, rules, regulations, and ordinances that apply to the operation of your SwimRight Academy Business. These may include standards, specifications and requirements for the construction, design and maintenance of the business premises, including pool construction and safety requirements, pool water testing requirements and maintenance of water quality and procedures for managing pool water quality anomalies or emergencies. There may also be laws specific to the care and supervision of children, including obligations to report suspected child abuse or neglect. Local laws may govern requirements for the certification of swim instructors. Swim instructors must be life guard, CPR and first aid certified by the Red Cross or other similar approved service. All your employees, including swim instructors, are subject to criminal background checks. You must obtain all required licenses, permits and certificates necessary to operate your SwimRight Academy Business. You should investigate all of these laws.

You alone are responsible for investigating, understanding and complying with all applicable laws, rules, regulations, ordinances and requirements applicable to you and your SwimRight Academy Franchise, despite any advice or information that we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to your SwimRight Academy Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2
BUSINESS EXPERIENCE

Lenny Krayzelburg: Founder and Chief Executive Officer

Mr. Krayzelburg is the founder and has been our Chief Executive Officer since our inception in January 2018 in Los Angeles, California. Mr. Krayzelburg has also been the Chief Executive Officer of Lenny Krayzelburg Swim School, Inc., in Los Angeles, California since its inception in January 2005. Mr. Krayzelburg has also been the CEO of LK Sports in Los Angeles, California since June 2009.

Molly Goldberg: Director of Marketing and Business Development

Ms. Martin has been our Director of Marketing and Business Development since our inception in January 2018 in Los Angeles, California. Ms. Martin has also been the Director of Marketing and Business Development of Lenny Krayzelburg Swim School, Inc., in Los Angeles, California since July 2005.

Jared Weston: Director of Operations

Mr. Weston has been our Director of Operations since our inception in January 2018 in Los Angeles, California. Mr. Weston has also been the Director of Operations of Lenny Krayzelburg Swim School, Inc., in Los Angeles, California since February 2012.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

Initial Franchise Fee

You must pay us an initial franchise fee ("Initial Franchise Fee") when you sign the Franchise Agreement(s). The Initial Franchise Fee varies depending on the number of SwimRight Academy

Businesses you wish to open. The Initial Franchise Fee for the first SwimRight Academy Business is $35,000. The Initial Franchise Fee for the second SwimRight Academy Business is $30,000. The Initial Franchise Fee for the third and subsequent SwimRight Academy Businesses is $25,000. The Initial Franchise Fee is payment for all of the pre-opening assistance that we provide to you to allow you to open your SwimRight Academy Business, and also offsets some of our franchisee recruitment expenses.

Initial Franchise Fees are fully earned by us when paid and are not refundable under any circumstances. All Initial Franchise Fees are uniform except as described above.

Initial Inventory

You must purchase between $4,160 to $4,300 in initial inventory and supplies from LK Sports prior to opening your SwimRight Academy Business. These purchases are not refundable.

Area Development Agreement

If you choose to enter into an Area Development Agreement to open multiple SwimRight Academy Businesses, you must pay an area development fee ("Development Fee"). The Development Fee is equal to the Initial Franchise Fee for your first Franchise Agreement plus 25% of the Initial Franchise Fees for the SwimRight Academy Franchises (excluding the first Franchise) to be developed under the Area Development Agreement. The Development Fee is uniformly calculated, payable when you sign your Area Development Agreement, and is non-refundable under any circumstances, even if you fail to open any SwimRight Academy Franchises. To open additional SwimRight Academy Businesses under the Area Development Agreement, you will be required to sign our then-current SwimRight Academy Franchise Agreement and pay the remaining 75% of the Initial Franchise Fee upon execution of a lease for your SwimRight Academy Franchise.

ITEM 6
OTHER FEES

Type of Fee(1)	Amount	Due Date	Remarks
Royalty(2)	6% of Gross Revenue	Due on the 15th of each month	The "Royalty" is based on "Gross Revenue" during the previous month. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Brand Fund Contribution	2% of your Gross Revenue	Same as Royalty	This contribution will be used for a system-wide "Brand Fund" for our use in promoting and building the SwimRight Academy brand.

Type of Fee[1]	Amount	Due Date	Remarks
Local Advertising Payment	The difference between the amount you spent on local advertising each month and your required local advertising expenditure (2% of your Gross Revenue)	Payable after receipt of invoice	If you fail to meet your required local advertising requirement on local advertising (as averaged every 12 months), you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Fund.
Local and Regional Advertising Cooperatives[3]	Established by cooperative members	Established by cooperative members	The cooperative will establish rules approved by us. Each SwimRight Academy Business gets one vote.
Insurance Reimbursement	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained, plus 20% of the premium as an administrative cost of obtaining the insurance.
Additional Opening Assistance	$750 per person, per day, plus travel expenses	On demand	If you desire additional opening assistance, we may charge $750 per person, per day plus all travel and lodging expenses incurred by our staff.
Additional Training or Assistance Fees	Then-current fee (currently $300 per additional person for initial training and approximately $300 per attendee per day for additional training)	As incurred	We provide initial training at no charge for up to three people. We will charge you for training additional persons, newly-hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. The fee amount will depend on the training required and experience level of the trainer.
Technology Fee	Currently $100 per month	Same as Royalty	This fee covers certain technologies used in the operation of your SwimRight Academy Business, including access to intranet, email system, any website sitelet hosting and any other related sitelet services. We reserve the right to upgrade, modify, and add new software. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional software.

Type of Fee[1]	Amount	Due Date	Remarks
Convention Fee	Then-current fee (not currently charged)	Upon demand	This fee will be payable to us to help defray the cost of your attendance at any annual convention that we choose to hold. This fee is due regardless of whether or not you attend our annual convention in any given year.
Payment Service Fee	Up to 3% of total charge	As incurred	If payment is made to us or our affiliates by credit card for any fee required, we may charge a service charge of up to three percent (3%) of the total charge.
Late Payment Fee	$100 per occurrence, plus the lesser of the daily equivalent of 12% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Insufficient Funds Fee	The greater of $100 per occurrence, plus the highest amount allowed by law	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Submit Required Report Fee	$100 per occurrence and $100 per week	Your bank account will be debited for failure to submit any requested report within five days of request	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the Brand Fund or us. You will continue to incur this fee until you submit the required report.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses	On demand	You will be required to pay this if an audit reveals that you understated weekly Gross Revenue by more than two percent (2%) or you fail to submit required reports or preserve records.
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your SwimRight Academy Business or Franchise.

Type of Fee[1]	Amount	Due Date	Remarks
Management Fee	$500 per day, plus costs and expenses	As incurred	Payable if we manage the SwimRight Academy Business because you are in breach of the Franchise Agreement, or if your operating principal or designated manager ceases to perform its responsibilities.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement, or payable for any fees we incur for any transfer that is not completed.
Successor Franchise Fee	$7,000	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Relocation Fee	Actual expenses of providing relocation assistance	Upon relocation	You must reimburse us for our reasonable expenses if we permit you to relocate your SwimRight Academy Business. We will provide you with copies of our invoices for our expenses from any third party providers upon request.
De-Identification	All amounts incurred by us related to de-identification	As incurred	Payable if we must de-identify your SwimRight Academy Business upon its termination, relocation, or expiration.
Transfer Fee	25% of the then-current Initial Franchise Fee; if transfer is for a minority interest, you must pay any legal costs we incur	$1,000 non-refundable deposit at time of transfer application submittal, and the remaining balance of fee at time of approved transfer	Payable only in connection with the transfer of your Academy, a transfer of ownership of your legal entity, or the Franchise Agreement. There are various other conditions you must meet for us to approve your transfer request.
Supplier and Product Evaluation Fee	Cost of inspection (estimated to be approximately $0 to $200)	As incurred	Payable if we inspect a new product, service or proposed supplier nominated by you.

Type of Fee[1]	Amount	Due Date	Remarks
Liquidated Damages[4]	Will vary under the circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.
Broker Fees	The actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	Payable only in connection with the transfer to a purchaser that was referred to you through a broker that is not an affiliate of ours.

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us and our affiliates via electronic funds transfer ("EFT") or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit H) for direct debits from your business bank operating account. We have the right to periodically specify (in the franchise operations manual or otherwise in writing) different payees and/or payment methods such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card, and payment by check. If you enter into an Area Development Agreement to operate multiple SwimRight Academy Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each SwimRight Academy Business. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. The term "Gross Revenue" means the total selling price of all products and services sold at, from, or through your SwimRight Academy Business, whether or not sold or performed at or from the SwimRight Academy Business, including the full redemption value of any voucher or coupon sold for use at the SwimRight Academy Business (fees retained by or paid to third party sellers of such vouchers or coupons are not excluded from this calculation), and all income and revenue of every other kind and nature related to the SwimRight Academy Business operation, whether for cash or credit, and regardless of collection in the case of credit.

3. Local and Regional Advertising Cooperatives. We reserve the right to establish a local or regional advertising cooperative if two or more SwimRight Academy Businesses are operating in a market designated by us. If a local or regional advertising cooperative is established, contribution amounts to the local or regional advertising cooperative will be established by the cooperative members. We anticipate that each SwimRight Academy Franchisee will have one vote for each SwimRight Academy Business operated by the member in the designated market. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.

4. Liquidated Damages. Liquidated damages are determined by multiplying the combined monthly average of Royalties and Brand Fund Contributions (without regard to any fee waivers or other

reductions) that are owed by you to us, beginning with the date you open your SwimRight Academy Business through the date of early termination, multiplied by the lesser of: (i) 36; or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than $30,000.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure[1]	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee[2]	$35,000	$35,000	Lump Sum	When you sign the Franchise Agreement(s)	Us
Project Management Fee[3]	$12,000	$12,000	As Agreed	1/3 Due Upon Execution of Lease; 1/3 Due When Construction is One-Half Completed; and 1/3 Due When Construction is Fully Completed	Approved supplier
Owner Orientation Travel Expenses[4]	$3,500	$4,500	As Required	As Incurred	Providers of Travel, Lodging, and Food Services
Initial Training Travel Expenses[5]	$9,500	$12,000	As Required	As Incurred	Providers of Travel, Lodging, and Food Services
3-Months' Lease Rent plus Lease and Security Deposits[6]	$21,600	$87,750	As Agreed	As Agreed	Landlord
Utility Deposits	$5,000	$15,000	As Arranged	Before Opening	Utility Companies
LINKS fee[7]	$1,999	$1,999	As Agreed	As Agreed	Approved supplier
Architect Fees	$15,000	$35,000	As Agreed	As Agreed	Architect
Construction, Remodeling & Improvements	$400,000	$1,200,000	As Arranged	As Agreed	Approved Contractors

Type of Expenditure[1]	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Inventory[8]	$26,521	$30,501	Lump Sum	As Incurred	Approved Suppliers and LK Sports
Business Licenses & Permits[9]	$4,500	$60,000	As Arranged	As Incurred	Local and Other State Government Agencies
Fixtures, Furnishings & Equipment[10]	$21,690	$77,130	As Arranged	As Incurred	Approved Suppliers
Signs[11]	$5,000	$20,000	As Arranged	As Arranged	Approved Suppliers
Insurance[12]	$4,000	$7,000	As Arranged	As Arranged	Insurance Company
Computer System[13]	$6,000	$10,500	As Arranged	As Incurred	Approved Suppliers
Professional Fees[14]	$0	$18,000	As Agreed	Before Opening	Attorneys, CPA's, and Other Professionals
Grand Opening Campaign[15]	$15,000	$40,000	As Agreed	As Incurred	Third Parties
Additional Funds – 3 Months[16]	$120,000	$150,000	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT[17]	$706,310	$1,816,380			
Area Developer	If you purchase multiple SwimRight Academy Businesses under an Area Development Agreement, you will incur all costs listed above for each SwimRight Academy Business that you open except that you will not be required to pay an Initial Franchise Fee, but will be required to pay a Development Fee as explained in Item 5. You will only be required to pay the Project Management Fee for the first two SwimRight Academy Businesses under the Area Development Agreement.				

Notes:

1. General Notes. These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your SwimRight Academy Franchise. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for SwimRight Academy Franchises. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your SwimRight Academy Franchise may be greater or less than the estimates given, depending upon the current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for

our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

2. Initial Franchise Fee. See Item 5 for additional information about your Initial Franchise Fee.

3. Project Management Fee. The Project Management Fee is $12,000 for the first and second SwimRight Academy Business that you purchase. This fee is waived for the third SwimRight Academy Business under the Area Development Agreement. This fee is used for support with site selection, real estate, and project management for the buildout of the Academy.

4. Owner Orientation Travel Expenses. Within two weeks of signing the Franchise Agreement, you must send up to two of your owners to our headquarters in Los Angeles, California for a two day "Owner Orientation." This orientation is provided at no charge. You must pay for airfare, meals, transportation costs, lodging, and incidental expenses for the attendees. The low estimate includes costs for one attendee and the high estimate includes costs for two attendees. If you have signed an Area Development Agreement, you will only be required to attend one Owner Orientation.

5. Initial Training Travel Expenses. We provide training at our corporate headquarters in Los Angeles, California, or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging, and incidental expenses for all initial training program attendees. Initial training is provided at no charge for up to three people, including the designated manager and/or operating principal and one head instructor; if additional initial training is required, or more people must be trained, an additional fee will be assessed.

6. 3 Months' Lease Rent; Lease and Security Deposit. This estimate is for the first three month's lease rent for your Academy. This will vary depending on your location and your market's retail lease rates. Your actual rent and deposit payments may vary depending upon your location and your market's retail lease rates. SwimRight Academy Businesses are typically located in standalone building or in strip malls. They are typically between 8,500 to 9,000 square feet in size and have two swimming pools. If you purchase instead of lease the premises for your Academy, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments. This estimate does not include any construction allowances that may be offered by your landlord. Building and construction costs will vary depending upon the condition and size of the premises for your Academy and local construction costs.

7. LINKS Fee. The LINKS Fee is a one-time cost for the installation of the LINKS computer software you must use to operate your SwimRight Academy Business.

8. Initial Inventory. This estimates your initial inventory requirements for the first month of operation of your SwimRight Academy Business. Inventory may include SwimRight Method© curriculum supplies, including swim caps, progress books, stickers, ribbons, medals, and teaching platforms, as well as other teaching equipment required for swim lessons on a daily basis.

9. Business Licenses and Permits. You may be required to obtain business licenses from local government agencies to operate your SwimRight Academy Franchise.

10. Fixtures, Furnishings and Equipment. This estimate involves the furniture, fixtures, and equipment you will need to open a SwimRight Academy Business, such as lockers, office furniture, and other items. Some of these expenses will depend on your SwimRight Academy Business size, shipping distances, supplier chosen, and your credit history.

11. Signs. This estimate is for a single exterior sign. These estimates assume you purchase your exterior signage. The type and size of the signage you install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where certain signage is not permitted because of zoning or use restrictions.

12. Insurance. This estimate three months of insurance payments. You must obtain and maintain, at your own expense, the higher of the insurance coverage we require or the minimum state requirements for operation, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a SwimRight Academy Business, your rates may be significantly higher than those estimated above.

13. Computer System. This estimate includes the computer equipment, software and installation, and hosting services for your SwimRight Academy Business. The computer work station (desktop computer and monitor) costs approximately $1,500 each. The low end assumes you will purchase four work stations and the high end assumes you will purchase seven work stations.

14. Professional Fees. We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this Franchise offering. Rates for professionals can vary significantly based on area and experience.

15. Grand Opening Campaign. Item 11 contains more information about the "Grand Opening Campaign."

16. Additional Funds – 3 Months. These amounts represent our estimate of the amount needed to cover your expenses for the initial three month start-up phase of your SwimRight Academy Business. They include payroll costs during the first three months of operation, but not any draw or salary for you. These figures do not include standard pre-opening expenses, or advertising fees payable under the Franchise Agreement, or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase.

    For purposes of this disclosure, we estimated the start-up phase to be three months from the date your SwimRight Academy Business opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your SwimRight Academy Business. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your SwimRight Academy Business. Additional funds for the operation of your SwimRight Academy Franchise will be required after the first three months of operation if sales produced by the SwimRight Academy Franchise are not sufficient to produce positive cash flow.

17. Figures May Vary. This is an estimate of your initial start-up expenses for one SwimRight Academy Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your SwimRight Academy Business according to our System and specifications. This includes purchasing or leasing all products, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the SwimRight Academy Franchise under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates. System standards may regulate, among other things, scheduling and managing swim lessons; customer service standards and policies; qualifications and tests for swim instructors and other employees, including criminal background checks (although you will have sole responsibility and authority concerning employee selection and promotion); amounts and types of swim lessons to be offered, including lesson class sizes; days and hours of operation; supplies, equipment and inventory management; use and display of the Marks at your SwimRight Academy Business; sales, marketing, advertising, and promotional strategies and programs and materials/media used in these programs; recommended liability waiver forms for customers; use and acceptance of gift cards, loyalty programs, coupons, passes, certificates and discounts; policies regarding credit and debit cards, other payment systems, and check verification services; participation in market research and testing and product and service development programs, as well as participation in, and dues assessed for, advisory councils; and administrative, accounting, reporting and record retention. You must not deviate from these methods, standards, and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the System.

Our confidential operations manual (which may include supplemental supporting guides) ("Franchise Operations Manual") states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your SwimRight Academy Franchise and approved vendors for these products and services. We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Franchise Operations Manual or through other written communication (including electronic communication such as email or through a system-wide intranet).

You must use the computer hardware and software that we periodically designate to operate your SwimRight Academy Franchise. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify. You are required to use our designated VOIP phone system and our CRM platform. As of the Issuance Date of this Franchise Disclosure Document, the fees are $50 per line for the phone system (we recommend that you begin with four phone lines) and $35 per user for the CRM (we recommend starting with four users).

You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your SwimRight Academy Business is located, and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies, except for employment liability insurance policies, must name us and any affiliates we designate as additional named insured parties.

Purchases from Approved Suppliers

We will provide you with a list of our designated and approved suppliers in our Franchise Operations Manual. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications, and samples we request. We will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We do not charge a fee to evaluate the proposed product, service, or supplier. We apply the following general criteria in approving a proposed supplier: (1) ability to purchase the product in bulk; (2) quality of services; (3) production and delivery capability; (4) proximity to SwimRight Academy Franchises to ensure timely deliveries of the products or services; (5) the dependability of the supplier; and (6) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product, or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product, or service. We do not provide material benefits to you based solely on your use of designated or approved sources.

LK Sports is the only approved supplier of SwimRight Method© curriculum materials including student progress books, stickers, ribbons, medals, and swim caps. Our CEO has an ownership interest in LK Sports, which is an approved supplier.

You must purchase all products, equipment, supplies, and materials only from approved suppliers (including manufacturers, wholesalers, and distributors). We estimate that approximately eighty percent (80%) of purchases required to open your SwimRight Academy Business and sixty percent (60%) of purchases required to operate your SwimRight Academy Business will be from us or from other approved suppliers, and under our specifications.

During the last fiscal year ended September 30, 2017, we did not derive revenue, including from the sale or lease of products or services to franchisees. In addition, during the last fiscal year, ended September 30, 2017, our affiliate did not derive revenue from the sale or lease of products to our franchisees.

We and our affiliates may receive rebates or other consideration from suppliers in consideration for products or services that we require or advise you to obtain from approved suppliers, and we reserve the right to do so in the future. Our revenue or other consideration received may include promotional allowances, volume discounts, and other payments.

We do not have purchasing and distribution cooperatives as of the Issuance Date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees, and we reserve the right to receive rebates on volume discounts from our purchase of products we may resell to you. We do not provide material benefits, such as renewing or granting additional Franchises to franchisees based on their use of designated or approved suppliers. There are no caps or limitations on the maximum rebates we may receive from our suppliers as the result of franchisee purchases.

Approval of New Suppliers

We may update the list of approved suppliers in the Franchise Operations Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier's products or services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the System. You may be required to reimburse us for any costs we incur in evaluating a proposed supplier. We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within 60 days, we generally respond to a request for an additional approved supplier within seven days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products and stop purchasing from any disapproved supplier.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Sections 6 and 7	Item 11
b. Pre-opening purchases/leases	Sections 7 and 12	Items 8 and 11
c. Site development and other pre-opening requirements	Sections 5, 6, 7, 11 and 14	Items 6, 7 and 11
d. Initial and ongoing training	Sections 5 and 8	Items 11, 15 and 17
e. Opening	Sections 6, 7 and 11	Items 6, 7, and 11
f. Fees	Sections 4,5, 6, 8, 11, 12, 14, 15, 17, 18, 19, 20, 21 and 23	Items 5, 6, 7, 15 and 17
g. Compliance with standards and policies/franchise operations manual	Sections 5, 6, 8, 11, 12, 18, 19, and 25 8	Item 11
h. Trademarks and proprietary information	Sections 3, 6, 12, 15, 18, 19, 21, and 22	Items 1, 6, 8, 11, 12, 13, 14 and 16
i. Restrictions on products/services offered	Section 12	Items 8 and 16
j. Warranty and customer service requirements	Section 12	Item 11
k. Territorial development and sales quotas	Sections 3 and 6	Items 11 & 12
l. Ongoing product/service purchases	Section 12	Items 8 and 16
m. Maintenance, appearance, and remodeling requirements	Sections 4, 12 and 20	Items 1, 7, 11 and 17
n. Insurance	Sections 7, 12 and 16	Items 6, 7 and 8
o. Advertising	Sections 11, 13, 18 and 22	Items 6, 7, 8, 11, 13, 14 and 16
p. Indemnification	Sections 8,19 and 21	Items 6 and 14
q. Owner's participation/management and staffing	Section 8	Items 11, 15, 16 and 17
r. Records and reports	Sections 16 and 17	Items 8, 11, 14 and 21
s. Inspections and audits	Section 17	Item 6
t. Transfer	Sections 20, 22 and 25	Items 6 and 17

Obligation		Section in Franchise Agreement	Item in Disclosure Document
u.	Renewal	Sections 4 and 20	Item 17
v.	Post-termination obligations	Sections 15 and 22	Item 17
w.	Non-competition covenants	Section 15	Item 17
x.	Dispute resolution	Section 23	Item 17

ITEM 10
FINANCING

We do not offer direct or indirect financing to you. We do not guarantee your note, lease, or other obligation.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, SRA is not required to provide you with any assistance.

Pre-opening Obligations

Before you open your SwimRight Academy Business, we (or our designee(s)) will provide the following assistance and services to you:

1. Loan to you, or make available to you on our website, one copy of the Franchise Operations Manual. The Franchise Operations Manual contains approximately 40 pages. The table of contents for the Franchise Operations Manual is attached to this Franchise Disclosure Document as Exhibit G (See Section 6.1 of the Franchise Agreement).

2. Provide an Owner Orientation for up to two people in Los Angeles, California or another location designated by us (See Section 5.1 of the Franchise Agreement).

3. Provide an initial training program in Los Angeles, California or another location designated by us ("Initial Training Program") for up to three people (See Section 5.1 of the Franchise Agreement).

4. Designate your territory and provide you with advice in identifying a suitable location for your SwimRight Academy Business (See Section 7.1 of the Franchise Agreement). Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining, and developing the site for your SwimRight Academy Business. We do not guarantee the suitability or success of the accepted site. In evaluating a proposed site, we consider such factors as general location and neighborhood, traffic patterns, parking, size, layout, and other physical characteristics.

5. Provide a copy of our basic specifications for the design and layout of your SwimRight Academy Business. You are responsible for the costs of preparing architectural, engineering, and construction drawings and site plans, which you must submit to us for our review and approval before

you begin construction of your SwimRight Academy Business. You are responsible for the costs of construction and remodeling (See Section 7.3 and Section 12.7 of the Franchise Agreement, respectively).

6. Provide the names of any recommended contractors for the construction of your SwimRight Academy Franchise (See Section 7.3 of the Franchise Agreement).

7. Provide specifications for furniture, fixtures, equipment, inventory, and supplies required to operate your SwimRight Academy Franchise (See Section 7.3 of the Franchise Agreement).

8. Send one of our representatives to your Academy to conduct a pre-opening inspection (See Section 7.4 of the Franchise Agreement).

9. Send one of our representatives to your Academy on your grand opening day to assist you with your grand opening (See Section 6.3 of the Franchise Agreement).

10. If you sign an Area Development Agreement, we will designate your Development Territory and Development Schedule within which you may develop a specified number of SwimRight Academy Franchises (See Sections 4 and 5 of the Area Development Agreement).

We will provide training to your designated manager and/or operating principal and one head instructor on the System, System guidelines, and operational and brand standards. We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the System and brand standards to your key employees. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the SwimRight Academy Business. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the SwimRight Academy Business.

Site Selection

You must select the site for your Academy subject to our approval. Our approved supplier will assist you with site selection, real estate, and project management for the buildout of the Academy. You may not relocate your Academy without our prior written consent. Before leasing or purchasing the site for your Academy, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. Your site must contain two pools, unless we grant you written approval otherwise. We will have 30 days after we receive the information and materials to evaluate the proposed site. If we disapprove of the proposed site, you must select another site, subject to our consent. You must purchase or lease, at your expense, the site for your Academy within 180 days after signing the Franchise Agreement. You also must submit for review and approval any sale or lease contract before you sign it. If you are unable to purchase or lease a site for your Academy within 180 days after signing the Franchise Agreement, we may terminate the Franchise Agreement.

We will consult with you on our current site selection guidelines and provide other site selection counseling, as we deem advisable. Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining, and developing the site for your Academy.

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of a SwimRight Academy Business is approximately 280 days if you are leasing or purchasing a site for your Academy which meets the required standards, and can vary from 12 to 18 months if you are leasing or purchasing a site which needs to renovated, remodeled or built out to meet the required standards. Some factors which may affect this timing are your ability to acquire a location through lease or purchase negotiations; your ability to secure any necessary financing; your ability to comply with local zoning and other ordinances; your ability to obtain any necessary permits and certifications; the timing of the delivery of equipment, tools, and inventory; and the time to convert, renovate, or build out your SwimRight Academy Business.

You may not open your SwimRight Academy Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you have completed the Initial Training Program to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request; (5) you notify us that all approvals and conditions stated in the Franchise Agreement have been met; (6) you have received all required permits and licenses; and (7) you have ordered, received, and installed any needed fixtures, and have received all supplies, inventory, and related materials. You must be prepared to open and operate your SwimRight Academy Business immediately after we state it is ready for opening. You must open within 18 months after signing the Franchise Agreement.

<u>Continuing Obligations</u>

During the operation of your SwimRight Academy Business, we (or our designee(s)) will provide the following assistance and services to you:

1. Inform you of mandatory standards, specifications, and procedures for the operation of your SwimRight Academy Franchise, as described in Item 8 (See Section 6.4 of the Franchise Agreement).

2. Upon reasonable request, provide advice regarding your SwimRight Academy Business' operations based on reports or inspections. Advice will be given during our regular business hours and via written materials, electronic media, telephone, or other methods in our discretion (See Section 6.4 of the Franchise Agreement).

3. Provide you with advice and guidance on advertising and marketing (See Section 6.5 of the Franchise Agreement).

4. Provide additional training to you for newly-hired personnel on the SwimRight Academy brand and System guidelines, refresher training courses, and additional training or assistance that, in our discretion, you need or request. You may be required to pay additional fees for this training or assistance (See Section 5 of the Franchise Agreement). We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the SwimRight Academy System and brand standards to your key employees. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the SwimRight Academy Business. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the SwimRight Academy Business.

5. Allow you to continue to use confidential materials, including the Franchise Operations Manual and the Marks (See Section 6 of the Franchise Agreement).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee(s)) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques (See Section 18.2 of the Franchise Agreement).

2. Make periodic visits to the SwimRight Academy Business for the purpose of assisting in all aspects of the operation and management of the SwimRight Academy Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the SwimRight Academy Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges (See Sections 5.3 and 6.4 of the Franchise Agreement).

3. A representative of ours may, at our sole discretion, provide additional assistance (See Section 5.7 of the Franchise Agreement). There may be additional charges for these services. If we provide additional assistance, we must agree in advance on the charges you will pay and the length of the visit. Whether there are additional charges and the charge amount will depend on the nature of the services, the assistance required, and the experience level of the trainee (See Item 6).

4. Maintain and administer the Brand Fund. We may dissolve the Brand Fund upon written notice (See Section 11.2 of the Franchise Agreement).

5. Hold periodic national or regional conferences to discuss business and operational issues affecting SwimRight Academy Franchisees (See Section 5.6 of the Franchise Agreement).

Advertising

Grand Opening Campaign

Beginning approximately three months before you open your SwimRight Academy Business, and for three months after you open your SwimRight Academy Business, we require that you spend a minimum of $15,000 and up to $40,000 on advertising as your Grand Opening Campaign. The Grand Opening Campaign will be spent towards generating awareness within the local trade area of the opening of the SwimRight Academy Business. You will follow our integrated marketing plan which may include promotional introductory offer coupons, direct mail, saturation mail, radio, print advertising, outdoor advertising, public relations, pay per click and remarketing campaigns, call tracking and events including ribbon cutting and grand opening event.

Brand Fund

We have created a Brand Fund for the marketing of the System, the Marks, and SwimRight Academy Businesses. You must pay two percent (2%) of your monthly Gross Revenue for the Brand Fund ("Brand Fund Contribution"). You must pay the Brand Fund Contribution at the same time you pay your Royalty, based on the Gross Revenue you generated in the previous reporting period.

Your Brand Fund Contribution will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement.

SwimRight Academy Businesses owned by us or our affiliates may, but are not required to, contribute to the Brand Fund on the same basis as franchisees.

The Brand Fund will be administered by us or one of our affiliates or designees, in our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account, or savings account.

We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional, or national marketing, advertising, sales promotion, and promotional materials; public and consumer relations; website development and search engine optimization; the development of technology for the System; and any other purpose to promote the SwimRight Academy brand. We may reimburse ourselves, our authorized representatives, or our affiliates from the Brand Fund for administrative costs; independent audits; reasonable accounting, bookkeeping, reporting, and legal expenses; taxes; and all other direct or indirect expenses associated with the programs funded by the Brand Fund. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund Contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available," or similar phrasing, or include information regarding acquiring a Franchise on or as a part of materials and items produced by or for the Brand Fund.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct, or administer the Brand Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

The Brand Fund is not audited. We will provide an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year upon written request. We did not collect any Brand Fund Contributions during our last fiscal year, ended September 30, 2017.

Local Advertising

In addition to the Brand Fund Contributions, you must spend an average of two percent (2%) of your Gross Revenue each calendar year ("Local Advertising Requirement"). If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to us, or if established, the Brand Fund. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other SwimRight Academy Franchisees under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates, and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all SwimRight Academy Businesses, and you will not issue coupons or discounts of any type except as approved by us.

You may be required to participate in any local or regional advertising cooperative for SwimRight Academy Franchises that is established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each SwimRight Academy Business that the franchisee owns that exists within the cooperative's area. This contribution will count towards the Local Advertisement Requirement. Each SwimRight Academy Business we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative that exceeds five franchisee members must operate with governing documents. Each cooperative must prepare annual unaudited financial statements, and such statements will be provided for review to each member of such cooperative. We reserve the right to form, change, dissolve, or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your territory, you will be required to participate in compliance with the provisions of the Franchise Operations Manual, which we may periodically modify in our discretion.

Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing

You must order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your SwimRight Academy Business, those items or services must be in your Gross Revenue, and will be subject to Royalties, Local Advertising Requirement, and the Brand Fund Contributions.

System Website

We have established a "System Website" for SwimRight Academy Businesses which includes local pages for franchisees. Your page will include information relating to your specific business location and select content that we provide from our System Website. We reserve the right to change the requirements relating to your page at any time.

You may not establish or maintain any other website or engage in any other electronic marketing of products or services without our prior written approval. All such information shall be subject to our approval prior to posting. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies, and requirements. If you wish to advertise online, you must follow our online policy, which is contained in our Franchise Operations Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

As long as we maintain a System Website, we will have the right to use the Brand Fund assets to develop, maintain, and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may implement and periodically modify System Standards relating to the System Website.

We are only required to reference your SwimRight Academy Business on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your SwimRight Academy Business from the System Website until you fully cure the subject default(s).

Advisory Council

We currently do not have, but may form, an advisory council ("Council") to advise us on advertising policies. Members of the Council would consist of both franchisees and corporate representatives. Members of the Council would be selected by way of a voting method specified in the Council's bylaws. The Council would be governed by bylaws. The purpose of the Council would be to provide input regarding the Brand Fund and to promote communications between us and all franchisees. The Council would serve in an advisory capacity only. We will have the power to form, change, or dissolve the Council, in our sole discretion.

Computer Equipment and Software

You are required to purchase a computer system that consists of the following hardware and software: (a) 4-7 work stations (a desktop computer and monitor); two all-in-one printers; and our designated point of sale system; and (b) Microsoft Office 2013 or later and designated point of sale software ("Computer System"). We estimate the cost of purchasing the Computer System will be between $6,000 and $10,500. You will also be required to pay a one-time setup fee of $1,999 for the LINKS software. The Computer System will manage the daily workflow of the SwimRight Academy Business. You must record all Gross Revenue on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Revenue of your SwimRight Academy Franchise. You must also maintain a high-speed Internet connection at the SwimRight Academy Business. In addition to offering and accepting SwimRight Academy gift cards and loyalty cards, you must use any credit card vendors and accept all credit cards and debit cards that we determine. The term "credit card vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for the Computer System. You must arrange for installation, maintenance, and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the Computer System. We cannot estimate the cost of maintaining, updating, or upgrading the Computer System or its components because it will depend on your repair history, costs of computer maintenance services in your area, and technological advances, which we cannot predict at this time. We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation.

We (or our designee(s)) have the right to independently access the electronic information and data relating to your SwimRight Academy Franchise, and to collect and use your electronic information and data in any manner, including to promote the System and the sale of SwimRight Academy Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your SwimRight Academy Business, or from other locations.

Training

Owner Orientation

Within two weeks of signing the Franchise Agreement, you must send up to two of your owners (including your "Operating Principal" as described in Item 15) to our headquarters in Los Angeles, California for a two day "Owner Orientation."

Initial Training

Before you open the SwimRight Academy Business your designated manager and/or operating principal and one head instructor must attend and successfully complete to our satisfaction our Initial Training Program (as described in the chart below). We provide our Initial Training Program at no charge for up to three people (See Section 5.7 of the Franchise Agreement).

Initial Training Program and Owner Orientation classes are held whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the Initial Training Program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses.

We plan to provide the training listed in the table below. We reserve the right to vary the length and content of the Initial Training Program and Owner Orientation based upon the experience and skill level of the individual attending the Initial Training Program. You must also obtain any necessary state-required certifications for you and your employees.

TRAINING PROGRAM

OWNER ORIENTATION

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Day One – Welcome to SRA, Philosophy, Mission, and Method; Observation of Structure and Classes	4	2	Corporate Headquarters - Los Angeles, California or other location we designate
Day Two – Office Operations and Logistics of Opening	5	2	Corporate Headquarters - Los Angeles, California or other location we designate
Total	9	4	

INITIAL TRAINING

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Welcome to SRA	3	0	Corporate Headquarters - Los Angeles, California or other location we designate

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
SRA's Philosophy & Mission	2.5	0	Corporate Headquarters - Los Angeles, California or other location we designate
Leading vs. Managing	1.5	0	Corporate Headquarters - Los Angeles, California or other location we designate
SwimRight® Method	3	0	Corporate Headquarters - Los Angeles, California or other location we designate
Customer Service, Working with Children	4	0	Corporate Headquarters - Los Angeles, California or other location we designate
Marketing	3	0	Corporate Headquarters - Los Angeles, California or other location we designate
Office Staff	4	0	Corporate Headquarters - Los Angeles, California or other location we designate
Instructors	3	0	Corporate Headquarters - Los Angeles, California or other location we designate
Head Instructors	1.5	0	Corporate Headquarters - Los Angeles, California or other location we designate
Trainings, Reviews, Upkeep of Personnel	2.5	0	Corporate Headquarters - Los Angeles, California or other location we designate
Talking to Parents, FAQs	3	0	Corporate Headquarters - Los Angeles, California or other location we designate
Child Development, Special Abilities	4	0	Corporate Headquarters - Los Angeles, California or other location we designate
Teaching Philosophy	1.5	0	Corporate Headquarters - Los Angeles, California or other location we designate
Parent-Tot, Lower Level Videos	1.5	0	Corporate Headquarters - Los Angeles, California or other location we designate
Parent-Tot, Lower Level In-Water Training	0	3	Corporate Headquarters - Los Angeles, California or other location we designate
Parent-Tot, Lower Level Review	1	0	Corporate Headquarters - Los Angeles, California or other location we designate

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Videos for Levels 3-4	1	0	Corporate Headquarters - Los Angeles, California or other location we designate
In-Water Training for Levels 3-4	0	2.5	Corporate Headquarters - Los Angeles, California or other location we designate
Videos for Levels 5-6	1	0	Corporate Headquarters - Los Angeles, California or other location we designate
In-Water Training for Levels 5-6	0	2.5	Corporate Headquarters - Los Angeles, California or other location we designate
Review for Levels 3-6	1	0	Corporate Headquarters - Los Angeles, California or other location we designate
Safely Teaching Groups	2	0	Corporate Headquarters - Los Angeles, California or other location we designate
Videos for Levels 7-8	1.5	0	Corporate Headquarters - Los Angeles, California or other location we designate
In-Water Training for Levels 7-8	0	2.5	Corporate Headquarters - Los Angeles, California or other location we designate
Review for Levels 7-8	1	0	Corporate Headquarters - Los Angeles, California or other location we designate
SwimRight® Method Final Test	2	0	Corporate Headquarters - Los Angeles, California or other location we designate
Final Q & A	4.5	0	Corporate Headquarters - Los Angeles, California or other location we designate
Total	53	10.5	

Notes:

1. The training subjects may vary, and the training may be less than the times indicated above depending on the number and experience of the attendees. We will use the Franchise Operations Manual, other manuals, and instructional videos as the primary instruction materials during the Initial Training Program.

2. Molly Goldberg, our Director of Marketing and Business Development, and Jared Weston, our Director of Operations, currently oversee our training program, to which they bring more than ten years of management experience. Mr. Weston is a certified lifeguard with five years of teaching experience in the water. Other head instructors may also assist in our training program.

3. Other instructors will include experienced SwimRight Academy instructors that have had a least a year of experience.

Ongoing Training

From time to time, we may require that your designated manager and/or operating principal, head instructors and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new designated manager or head instructor, that person must attend and successfully complete our Initial Training Program before assuming responsibility for the management of your SwimRight Academy Business. If we conduct an inspection of your SwimRight Academy Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your SwimRight Academy Business).

In addition to participating in ongoing training, you will be required to attend an annual meeting of all franchisees at a location we designate and pay a convention fee if we hold an annual meeting of all franchisees (See Item 6). You are responsible for all travel and expenses for your attendees.

ITEM 12
TERRITORY

SwimRight Academy Franchises

The Franchise Agreement for your SwimRight Academy Franchise grants you a protected territory ("Territory") based on the geographic area and populations properties within that area and other relevant demographic characteristics. Generally, Territories will be between a five-mile to seven-mile radius. In certain densely populated metropolitan areas, a territory may be small if it has a high population density, while franchisees operating in less densely populated urban areas may have significantly larger areas. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You are prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Territory. We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise, or operate SwimRight Academy Franchises at any location outside of the Territory, regardless of the proximity to your Academy;

2. to use the Marks and the System to sell any products or services similar to those which you will sell, through any alternate channels of distribution within or outside of your Territory. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce except as provided in our online policy;

3. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution, or in the operation of a business operating swim schools which provide private and group swimming lessons for adults and children of all ages, and related products and services, at any location,

including within the Territory, which may be similar to or different from the SwimRight Academy Business operated by you;

4. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your SwimRight Academy Franchise, wherever located;

5. to acquire and convert to the System operated by us, any businesses offering products and services similar to those offered by SwimRight Academy Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the Territory, provided that in such situations, the newly-acquired businesses may not operate under the Marks in the Territory; and

6. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your Territory. The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration, or other contingency. We do not pay compensation for soliciting or accepting orders inside your Territory.

You may operate the SwimRight Academy Business only at the approved location within your Territory. The approved location for your Academy will be listed in the Franchise Agreement. If you have not identified an approved location for the Academy when you sign the Franchise Agreement, as is typically the case, you and we will agree on the approved location in writing and amend the Franchise Agreement after you select and we approve the approved location. Although we may assist you in selecting a location for your Academy, you are solely responsible for selecting the approved location and negotiating the lease or purchase term. You are not guaranteed any specific approved location, and you may not be able to obtain your top choice as your approved location. If the lease for your Academy expires or is terminated without your fault, or if the site of the Academy is destroyed, condemned, or otherwise rendered unusable, we will allow you to relocate the SwimRight Academy Franchise to a new site acceptable to us, provided you will be required to reimburse us for our expenses. Relocation for any other reason will be subject to our approval, which may be withheld in our sole discretion, and reimburse us for our expenses of providing relocation assistance. Any relocation will be subject to the site selection and lease provisions stated above. Any relocation will be at your sole expense. Our approval will, among other things, be based on the following factors: (i) where your Academy will be located; (ii) whether or not such relocation will infringe upon the rights of other franchisees; and (iii) the time it will take to relocate your Academy.

If you wish to purchase an additional SwimRight Academy Franchise, you must apply to us, and we may, at our discretion, offer an additional Franchise to you. We consider a variety of factors when determining whether to grant additional Franchises. Among the factors we consider, in addition to the then-current requirements for new SwimRight Academy Franchisees, are whether or not the franchisee is in compliance with the requirements under their current franchise agreement.

You do not receive the right to acquire additional SwimRight Academy Franchises within or outside the Territory unless you have signed an Area Development Agreement. You are not given a right of first refusal on the sale of existing SwimRight Academy Franchises.

Area Development Agreement

Under the Area Development Agreement, you are assigned a Development Territory in which you must develop a designated number of Franchises. The size of the Development Territory will depend on the number of SwimRight Academy Businesses to be developed, the demographics of the territory, the population, and other factors. In certain densely populated metropolitan areas, a Development Territory may be small if it has a high population density, while Development Territories in less densely populated urban areas may have significantly larger areas. The Development Territory will be an exclusive territory for the development of SwimRight Academy Businesses during the term of the Area Development Agreement, so long as you are in compliance with the Area Development Agreement. This exclusivity grants you the exclusive rights to open SwimRight Academy Businesses in the Development Territory, provided that you follow the terms of the Area Development Agreement.

The rights granted under the Area Development Agreement relate only to the development of the SwimRight Academy Businesses identified in the Area Development Agreement. Except as provided in the Area Development Agreement, and subject to your full compliance with the Area Development Agreement and any other agreement among you or any of your affiliates and us or any of our affiliates, neither we nor our affiliates will establish or authorize any other person or entity, other than you, to establish a SwimRight Academy Franchise in your Development Territory during the term of the Area Development Agreement. However, we, our affiliates, and any other authorized person or entity (including any other SwimRight Academy Franchise) may, at any time, conduct any other type of activities within your Development Territory that we are permitted to conduct under the Franchise Agreement.

We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise, or operate SwimRight Academy Franchises at any location outside of the Development Territory, regardless of the proximity to your Academy;

2. to use the Marks and the System to sell any products or services similar to those which you will sell, through any alternate channels of distribution within or outside of your Development Territory. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce except as provided in our online policy;

3. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution, or in the operation of a business operating swim schools which provide private and group swimming lessons for adults and children of all ages, and related products and services, at any location, including within the Development Territory, which may be similar to or different from the SwimRight Academy Business operated by you;

4. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your SwimRight Academy Franchise, wherever located;

5. to acquire and convert to the System operated by us, any businesses offering products and services similar to those offered by SwimRight Academy Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the

Development Territory, provided that in such situations, the newly-acquired businesses may not operate under the Marks in the Development Territory; and

6. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your Development Territory.

The Development Territory will terminate upon the completion of the Development Schedule or the termination of the Area Development Agreement, whichever occurs first, and the only territorial protections that you will receive upon termination will be those under each individual franchise agreement.

Upon your first failure to adhere to the Development Schedule, you will lose the exclusivity granted for the Development Territory. Any second or additional failures to adhere to the Development Schedule will constitute a material event of default under the Area Development Agreement, for which we may, among other things: (i) terminate the Area Development Agreement; (ii) reduce the area of the Development Territory; (iii) permit you to extend the Development Schedule; or (iv) pursue any other remedy we may have at law or in equity, including, but not limited to, a suit for non-performance.

The size of the Development Territory may be a single or multi-city area, single county area, or some other area, and will be described in Attachment A of your Area Development Agreement. We will determine the Development Territory before you sign the Area Development Agreement based on various market and economic factors.

ITEM 13
TRADEMARKS

The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to operate your Franchise using our principal Marks listed below. You may also use other future trademarks, service marks, and logos we approve to identify your SwimRight Academy Franchise.

The Marks and the System are owned by our affiliate, LK Holdings, and are licensed exclusively to us. LK Holdings has granted us an exclusive license ("Trademark License") to use the Marks to franchise the System around the world. The Trademark License is for ten years and began on March 1, 2018. It will automatically renew for subsequent ten-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License is terminated, LK Holdings has agreed to license the use of the Marks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated. LK Holdings has federal registrations with the United States Patent and Trademark Office ("USPTO") for the following Mark:

Registered Mark	Registration Number	Registration Date	Register
SwimRIGHT LEARN-TO-SWIM METHOD	4,520,898	April 29, 2014	Registered on the Principal Register

LK Holdings has also applied to register the following trademarks on the Principal Register at the USPTO:

Mark	Serial Number	Filing Date	Status
SWIMRIGHT	87/317,685	January 30, 2017	Pending
SWIMRIGHT	87/317,692	January 30, 2017	Pending
SWIM RIGHT ACADEMY Championed by Lenny Krayzelburg	87/807,278	February 22, 2018	Pending
SWIM RIGHT ACADEMY	87/807,262	February 22, 2018	Pending
SwimRight ACADEMY Championed by Lenny Krayzelburg			Pending

We do not have a federal registration for the Marks above (serial numbers 87/317,685 and 87/317,692). These Marks do not have the same legal benefits and rights as federally registered trademarks. If our right to use this Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. All required affidavits have been filed.

Except for the Trademark License agreement, no agreement significantly limits our right to use or license the Marks in any manner material to the SwimRight Academy Franchise. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks.

You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your SwimRight Academy Business that you are an independently-owned and operated licensed franchisee of Swim Right Academy, Inc. You may not use the Marks in the sale of unauthorized products or services, or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the SwimRight Academy Business, or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us within three days if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information in the Franchise Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Franchise Operations Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("Copyrighted Works") for the operation of your SwimRight Academy Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Franchise Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation, and franchising of SwimRight Academy Franchises, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of SwimRight Academy Franchises, and other related materials are proprietary and confidential ("Confidential Information"), and are our property to be used by you only as described in the Franchise Agreement and the Franchise Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("Trade Secrets"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your SwimRight Academy Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours, and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other SwimRight Academy Franchises during the term of the Franchise Agreement.

You must notify us within three days after you learn about another's use of language, a visual image, or a recording of any kind that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information, or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information, or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Works, Confidential Information, or Trade Secrets, or claim by any person of any rights in any Copyrighted Works, Confidential Information, or Trade Secrets, and we are not required to participate in the defense of, or provide indemnification to you in connection with, any proceeding related to the Copyrighted Works, Confidential Information, or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information, or Trade Secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge, or claim. We will take action as we deem appropriate regarding any infringement, challenge, or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge, or claim under any Copyrighted Works, Confidential Information, or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information, or Trade Secrets. If we require you to modify or discontinue use of the Copyrighted Works, Confidential Information, or Trade Secrets, you must comply with all of our requirements.

No patents or patents pending are material to us at this time.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that you either directly operate your SwimRight Academy Business or designate a manager ("Designated Manager") who has been approved by us. If you will own the franchise in a legal entity, you must designate an "Operating Principal" acceptable to us who will be principally responsible for communicating with us about the SwimRight Academy Business. The Operating Principal must have the authority and responsibility for the day-to-day operations of your SwimRight Academy Business and must have at least twenty-five percent (25%) equity. Any Operating Principal and Designated Manager must successfully complete our training program (See Item 11) and a background check and meet any state licensure requirements. If you replace a Designated Manager or Operating Principal, the new Designated Manager or Operating Principal must satisfactorily complete our training program at your own expense. We may require that the Designated Manager have an ownership in the legal entity of the Franchise owner. You will also be required to designate one head instructor that will be required to attend certain training programs.

Any Designated Manager and, if you are a legal entity, an officer that does not own equity in the franchisee entity must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document in Exhibit H. All of your employees, independent contractors, agents, or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit H. If you are a legal entity, each owner (i.e., each person holding an ownership interest in you) including the Operating Principal must sign an Owner's Agreement guarantying the obligations of the entity, in the form of which is attached to the Franchise Agreement as Attachment D. We also require that the spouses of the Franchise owners sign the Owner's Agreement.

You may not employ any Designated Manager, or appoint any Operating Principal who does not complete our Initial Training Program to our satisfaction. If a Designated Manager's employment with you is terminated, and your Operating Principal will not manage your Academy, you must appoint a new Designated Manager who must successfully complete our Initial Training Program 60 days after the termination of the former Designated Manager, unless we do not hold an Initial Training Program during that 60-day period, in which case the replacement Designated Manager must attend and successfully complete the first available Initial Training Program held by us. You may be charged a training fee for a replacement Designated Manager or Operating Principal, and the travel expenses and salary and benefits must be paid by you (See Item 6). The factors used by us in determining whether you will be charged a training fee include the location of training, the length and type of training necessary, the costs borne by us in conducting the training, the replacement Designated Manager or Operating Principal's previous experience and skill, and our availability.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only those products and services authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services at our discretion with prior notice to you (See Item 8). If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any products and services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions subject to state and federal law.

You may not sell products or services, or directly advertise products or services, within another franchisee's territory. You may not establish an account or participate in any social networking sites, or mention or discuss the SwimRight Academy Franchise, us, or our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. You may not provide any products or services related to the operation of your SwimRight Academy Business that we have not approved.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise term	Section 4	Ten years.
b. Renewal or extension of the term	Section 4	If you are in good standing and you meet other requirements, you may enter into two successor terms of ten years.
c. Requirements for Franchisee to renew or extend	Section 4	Your successor franchise rights permit you to remain as a Franchisee after the initial term of your Franchise Agreement expires. You must sign our then-current franchise agreement and any ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, for example, a different territory and different Royalties and Brand Fund Contributions) from the Franchise Agreement that covered your initial term, not be in default, sign a general release, pay renewal fee, remodel your Academy to comply with then-current standards, have the right to maintain possession of your lease, and take any additional action we require.
d. Termination by Franchisee	Section 21.1	You may terminate the Franchise Agreement if you are in compliance with it and we are in material breach, and we fail to cure that breach within 60 days of receiving written notice.
e. Termination by franchisor without "cause"	Not Applicable	Not Applicable.
f. Termination by franchisor with "cause"	Section 21.2	We can terminate upon certain violations of the Franchise Agreement by you.

Provision	Section in Franchise Agreement	Summary
g. “Cause” defined – curable defaults	Section 21.2	We can terminate this Agreement upon five days written notice, with the opportunity to cure for the reasons listed in Section 21.2 of the Franchise Agreement.
h. “Cause” defined - non-curable defaults	Section 21.2	Non-curable defaults: the defaults listed in Section 21.2 of the Franchise Agreement.
i. Franchisee’s obligations on termination/non-renewal	Sections 4 and 22	Obligations include complete de-identification; payment of amounts due; and return of confidential Franchise Operations Manual, all Confidential Information, Trade Secrets, and records.
j. Assignment of contract by Franchisor	Section 20	No restriction on our right to assign.
k. “Transfer” by Franchisee – defined	Section 20	Includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in the Franchise Agreement, the Franchise, or interest in the Franchise.
l. Franchisor approval of transfer by Franchisee	Section 20	We have the right to approve all transfers.
m. Conditions for Franchisor approval of transfer	Section 20	The Academy must be in operation for at least one year and are in compliance with this and other agreements with us and our affiliates, if we have not exercised right of first refusal; new owner must have sufficient business experience and financial resources to operate the Franchise; you must pay all amounts due; new owner and employees must complete the Initial Training Program; your landlord must consent to transfer of lease; you must pay transfer fee; you must sign a general release in favor of us; new owner must agree to bring the Academy up to current standards; new owner must sign a new franchise agreement in the then-current form; you and your owners must sign an Owners Agreement with a non-compete agreement not to engage in a competitive business.
n. Franchisor’s right of first refusal to acquire Franchisee’s business	Section 20.4	We have 30 days to match any offer for your SwimRight Academy Business.
o. Franchisor’s option to purchase Franchisee’s business	Section 22.2	We may, but are not required to, purchase your SwimRight Academy Franchise, inventory, or equipment at fair market value if your Franchise is terminated for any reason by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
p. Death or disability of Franchisee	Section 20.3	The Franchise Agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.
q. Non-competition covenants during the term of the Franchise	Section 15	Neither you, your owners, nor any immediate family members of you or your owners may participate in a diverting business, have no owning interest in, loan money to, or perform services for a competitive business anywhere; you may not interfere with our or our other franchisees' SwimRight Academy Franchise(s).
r. Non-competition covenants after the Franchise is terminated or expires	Section 15.4	Owners and their spouses may not unfairly compete, which includes having ownership in a competitive business within 5 miles of your business or any SwimRight Academy Business, diverting any business from us, or inducing an employee or customer to leave us or our affiliates or franchisees for a period of two years.
s. Modification of agreement	Sections 25.8	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Franchise Operations Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 25.8	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 23	Except for certain claims, all disputes must be mediated and arbitrated in Los Angeles, California.
v. Choice of forum	Section 23	All disputes must be mediated, arbitrated, and if applicable, litigated in Los Angeles, California, except as provided in the State-Specific Addendum to this Franchise Disclosure Document, subject to applicable state law.
w. Choice of law	Section 25.1	The laws of the state where the SwimRight Academy Business is located applies, subject to any contrary provision contained in the State-Specific Addendum (See Exhibit F), subject to applicable state law.

This table lists certain important provisions of the Area Development Agreement and related agreements. You should read these provisions in the agreement attached to this disclosure document.

THE AREA DEVELOPER RELATIONSHIP

Provision	Section in Area Development Agreement	Summary
a. Length of the term	Section 2	Term continues until the earlier of: a) the years from the Effective Date listed in your Area Development Agreement (and attachment), which varies depending on the number of SwimRight Academy Businesses you wish to open; or b) you have completed your development obligations in accordance with the Development Schedule.
b. Renewal or extension of the term	Section 4.2	We may extend the term of the Area Development Agreement to allow you to develop a replacement or additional SwimRight Academy Business.
c. Requirements for Area Developer to renew or extend	Not applicable	Not applicable.
d. Termination by Area Developer	Not Applicable	Not Applicable.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with "cause"	Section 7	We can terminate upon certain violations of the Area Development Agreement by you.
g. "Cause" defined - curable defaults	Section 7	Each of your obligations under the Area Development Agreement is a material and essential obligation, the breach of which may result in termination.
h. "Cause" defined – defaults which cannot be cured	Section 7	Each of your obligations under the Area Development Agreement is a material and essential obligation, the breach of which may result in termination.
i. Area Developer's obligations on termination/non-renewal	Section 7	You must cease developing SwimRight Academy Businesses, pay all amounts due and comply with all applicable confidentiality and non-competition covenants.
j. Assignment of contract by franchisor	Section 8.1	No restriction on our right to assign.
k. "Transfer" by Area Developer – defined	Not Applicable	Not Applicable.
l. Franchisor approval of transfer by Area Developer	Not Applicable	Not Applicable.
m. Conditions for franchisor approval of transfer	Not Applicable	Not Applicable.
n. Franchisor's right of first refusal to acquire Area Developer's business	Not Applicable	Not Applicable.

Provision	Section in Area Development Agreement	Summary
o. Franchisor's option to purchase Area Developer's business	Not Applicable	Not Applicable.
p. Death or disability of Area Developer	Section 7.2	Area Development Agreement automatically terminates upon death or permanent disability of Area Developer or Controlling Principal.
q. Non-competition covenants during the term of the Area Development Agreement	Not Applicable	Not Applicable.
r. Non-competition covenants after the Area Development Agreement is terminated or expires	Not Applicable	Not Applicable.
s. Modification of the Area Development Agreement	Section 10	No modifications of the Area Development Agreement unless agreed to in writing by both parties.
t. Integration/merger clause	Section 10	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises made outside the Franchise Disclosure Document and Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 15	Except for certain claims, all disputes must be mediated and arbitrated in Los Angeles, California.
v. Choice of forum	Section 14	All disputes must be mediated, arbitrated, and if applicable, litigated in Los Angeles, California, except as provided in the State-Specific Addendum to this Franchise Disclosure Document, subject to applicable state law.
w. Choice of law	Section 14	The laws of the state where the SwimRight Academy Business is located applies, subject to any contrary provision contained in the State-Specific Addendum (See Exhibit F), subject to applicable state law.

ITEM 18
PUBLIC FIGURES

Olympic gold medalist Lenny Krayzelburg is our founder, an owner and our Chief Executive Officer. In this role, Mr. Krayzelburg has management control of the franchisor and those duties typical of a Chief Executive Officer. Mr. Krayzelburg will receive benefits available to an owner of a company and will receive a salary for his role as Chief Executive Officer. Mr. Krayzelburg has provided the capital necessary to franchise the SwimRight Academy Franchise

Except as provided above, we currently do not use any public figures to promote our Franchise. We do not use any public figure to promote our Franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, and/or affiliate-owned outlets, if there is a reasonable basis for the information, and the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Molly Goldberg at 5870 W. Olympic Boulevard, Los Angeles, CA 90036; molly@swimrightacademy.com; or (720) 420-0433, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years September 30, 2014 – September 30, 2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014 to 2015	0	0	0
	2015 to 2016	0	0	0
	2016 to 2017	0	0	0
Company-Owned*	2014 to 2015	2	2	0
	2015 to 2016	2	2	0
	2016 to 2017	2	2	0
Total Outlets	2014 to 2015	2	2	0
	2015 to 2016	2	2	0
	2016 to 2017	2	2	0

*These outlets are operated by our affiliate.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years September 30, 2014 – September 30, 2017

State	Year	Number of Transfers
Totals	2014 to 2015	0
	2015 to 2016	0
	2016 to 2017	0

Table No. 3
Status of Franchised Outlets
For Years September 30, 2014 – September 30, 2017

State	Year	Outlets at Start of the Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Total Outlets	2014 to 2015	0	0	0	0	0	0	0
	2015 to 2016	0	0	0	0	0	0	0
	2016 to 2017	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For Years September 30, 2014 – September 30, 2017

ate	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California*	2014 to 2015	2	0	0	0	0	2
	2015 to 2016	2	0	0	0	0	2
	2016 to 2017	2	0	0	0	0	2
Total Outlets	2014 to 2015	2	0	0	0	0	2
	2015 to 2016	2	0	0	0	0	2
	2016 to 2017	2	0	0	0	0	2

*These outlets are operated by our affiliates.

Table No. 5
Projected Openings as of
September 30, 2017 for 2018

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	2	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Total	0	2	0

There are currently nine Licensed Locations that operate under a license agreement with our affiliate, LK Sports. These locations are not included in the charts above. They are located in Illinois, Massachusetts, New Jersey, New York, Texas and Rhode Island. The names, addresses, and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit E. The name and last known address and telephone number of every current franchisee and area developer and every franchisee or area developer who has had a SwimRight Academy Franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement or area development agreement during the one year period ending September 30, 2017, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit E. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the SwimRight Academy Franchise System. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the SwimRight Academy Franchise System. If you buy a SwimRight Academy Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific Franchise organizations.

ITEM 21
FINANCIAL STATEMENTS

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: our audited financial statements as of June 30, 2018. The franchisor has not been in business for three years or more, and therefore cannot include the same financial statements as a franchisor that has been in business for three or more years. Our fiscal year end is September 30.

ITEM 22
CONTRACTS

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit F	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the SwimRight Academy Franchise

ITEM 23
RECEIPT

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date, and return one copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

State Administrator and Agent for Service of Process:

Commissioner
Department of Business Oversight
320 W. 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
(866) 275-2677

HAWAII

Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Agent for Service of Process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
Chief, Franchise Division
500 S. Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA

Secretary of State
Securities Division
Room E-018
302 W. Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

Agent for Service of Process:

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA

Department of Commerce
Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-3165
(651) 539-1600

NEW YORK

Administrator:

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236

Agent for Service of Process:

New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 E. Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

RHODE ISLAND

Department of Franchise Regulation
1511 Pontiac Avenue
John O. Pastore Complex, Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Agent for Service of Process:

Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON

Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN

Department of Financial Institutions
Division of Securities
201 W. Washington Avenue
Madison, WI 53703
(608) 266-3364

Rev. 043018

EXHIBIT B

FINANCIAL STATEMENTS

Swim Right Academy, Inc.

Financial Statements

With Independent Auditor's Report

June 30, 2018

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Swim Right Academy, Inc.

Table of Contents

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Board of Directors and Stockholder of
Swim Right Academy, Inc.
Los Angeles, California

We have audited the accompanying financial statements of Swim Right Academy, Inc., which comprise the balance sheet as of June 30, 2018, and the related statements of operations, stockholder's equity, and cash flows for the period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Swim Right Academy, Inc. as of June 30, 2018, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Kezos & Dunlavy

St. George, Utah
August 22, 2018

Swim Right Academy, Inc.
Balance Sheet
As of June 30, 2018

Assets		
Current assets:		
Cash and cash equivalents	$	192,014
Total current assets		192,014
Total assets	$	192,014
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable	$	5,000
Related party loan		217,574
Total current liabilities		222,574
Total liabilities		222,574
Common stock		100
Additional paid-in capital		100
Retained earnings		(30,760)
Total member's interests		(30,560)
Total liabilities and equity	$	192,014

The accompanying notes are an integral part of the financial statements.

Swim Right Academy, Inc.
Statement of Operations
For the period ended June 30, 2018

Revenue	$	-
Operating expenses		
Legal and professional fees		29,807
General and administrative expenses		962
Total operating expenses		30,769
Net operating loss		(30,769)
Interest income		9
Net loss before income taxes		(30,760)
Income tax provision		-
Net loss	$	(30,760)

The accompanying notes are an integral part of the financial statements.

Swim Right Academy, Inc.
Statement of Stockholder's Equity
For the period ended June 30, 2018

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Equity
Balance at January 19, 2018	$ -	$ -	$ -	$ -
Issuance of common stock	100	100	-	200
Net loss	-	-	(30,760)	(30,760)
Balance at June 30, 2018	$ 100	$ 100	$ (30,760)	$ (30,560)

The accompanying notes are an integral part of the financial statements.

Swim Right Academy, Inc.
Statement of Cash Flows
For the period ended June 30, 2018

Cash flow from operating activities:	
Net loss	$ (30,760)
Adjustments to reconcile net loss to	
net cash used by operating activities:	
Changes in operating assets and liabilities:	
Accounts payable	5,000
Net cash provided by operating activities	(25,760)
Cash flows from financing activities:	
Member contributions	200
Draws on shareholder loan	217,574
Net cash provided by financing activities	217,774
Net change in cash and cash equivalents	192,014
Cash at the beginning of the period	-
Cash at the end of the period	$ 192,014
Supplementary disclosures of cash flows	
Cash paid for interest	$ -

The accompanying notes are an integral part of the financial statements.

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Swim Right Academy, Inc. (the "Company") was incorporated on January 19, 2018 ("Inception") in the state of California. The Company is the franchisor of a swimming academy under the trademark of Lenny Krayzelburg Swim Academy. It has developed a proprietary system for establishing, operating, managing and marketing a franchised swimming academy.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending September 30 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included within cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. As of June 30, 2018, the Company had cash and cash equivalents of $192,014.

(e) Long Lived Assets

Long–lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the difference between the carrying amount of the asset and the fair value of the asset.

(f) Income Taxes

The Company has adopted the liability method of accounting for income taxes ASC 740, "Income Taxes." Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company adopted the provisions ASC 740-10-25 "Accounting for Uncertainty in Income Taxes," ("formerly FIN 48"). This provision prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under the provision, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Company did not make any adjustment to opening retained earnings as a result of the implementation.

The Company does not have any unrecognized tax benefits as of June 30, 2018 which if recognized would affect the Company's effective income tax rate.

The Company's policy is to recognize interest and penalties related to income tax issues as components of income tax expense. The Company did not recognize or incur any accrual for interest and penalties relating to income taxes as of June 30, 2018.

(g) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same. Related party transactions may not be stated at fair market value.

(h) Concentration of Risk

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Related Party Transactions

During the period, the Company's stockholder provided $200,000 in cash to cover operating expenses and paid $17,574 in start-up and operating costs on behalf of the Company. The outstanding balance bears no interest and is due on demand. As of June 30, 2018, the loan had a balance of $217,574.

(3) Stockholders' Equity

On January 19, 2018, the Company sold 100 shares of common stock for the sales price of $200.

(4) Income Taxes

The components of the deferred income tax asset and liability are as follows:

Deferred tax asset		
Current:		
Net loss	$	7,462
Valuation allowance		(7,462)
Total current	$	-
Deferred:		
Intangible assets	$	443
Valuation allowance		(443)
Total deferred	$	-

The components of deferred income tax benefit are as follows:

Temporary differences	$	443
Income taxes, current		7,462
Valuation allowance		(7,905)
Income tax provision	$	-

(5) Commitments and Contingencies

(a) Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

(6) Subsequent Events

Management has reviewed and evaluated subsequent events through the date on which the financial statements were issued.

EXHIBIT C

FRANCHISE AGREEMENT

<u>EXHIBIT C</u>

Championed by Lenny Krayzelburg

SWIM RIGHT ACADEMY, INC.

FRANCHISE AGREEMENT

Franchise #:______________________

Franchisee:_______________________

Date:____________________________

Location:_________________________

TABLE OF CONTENTS

SWIMRIGHT ACADEMY

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made, entered into and effective as of the "Effective Date" set forth in Attachment B to this Agreement, by and between Swim Right Academy, Inc., a California corporation ("Franchisor," "we," "us," "our"), and the franchisee set forth in Attachment B to this Agreement ("Franchisee," "you," "your").

1. DEFINITIONS. Capitalized terms used in this Agreement are defined either in the body of this Agreement or in Attachment A.

2. GRANT OF FRANCHISE. We hereby grant you a license to own and operate a SwimRight Academy ("Franchised Business" or "SwimRight Academy Business") using our Intellectual Property. As a SwimRight Academy franchisee, you will operate swim schools which provide private and group swimming lessons for adults and children of all ages. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS AND LIMITATIONS. We will grant you a protected territory within the geographic area identified in Attachment B ("Territory"). However, we will not permit you to operate more than one approved location (an "Academy") within your Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

3.1 You are prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Territory. We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

(a) to own, franchise, or operate SwimRight Academy Businesses at any location outside of the Territory, regardless of the proximity to your Academy;

(b) to use the Marks and the System to sell any products or services similar to those which you will sell, through any alternate channels of distribution within or outside of your Territory. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce except as provided in our online policy;

(c) to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution, or in the operation of a business operating swim schools which provide private and group swimming lessons for adults and children of all ages, and related products and services, at any location, including within the Territory, which may be similar to or different from the SwimRight Academy Business operated by you;

(d) to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your SwimRight Academy Business, wherever located;

(e) to acquire and convert to the System operated by us, any businesses offering products and services similar to those offered by SwimRight Academy Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the Territory, provided that in such situations, the newly-acquired businesses may not operate under the Marks in the Territory; and

(f) to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

3.2 We are not required to pay you if we exercise any of the rights specified above within your Territory. We do not pay compensation for soliciting or accepting orders inside your Territory.

3.3 If you have not identified an approved location for the Academy when you sign the Franchise Agreement, as is typically the case, you and we will agree on the approved location in writing and amend the Franchise Agreement after you select and we approve the approved location. Although we may assist you in selecting a location for your Academy, you are solely responsible for selecting the approved location and negotiating the lease or purchase term. You are not guaranteed any specific approved location, and you may not be able to obtain your top choice as your approved location.

4. TERM AND RENEWAL.

4.1. Generally. The term of this Agreement will begin on the Effective Date and expire ten years thereafter ("Term"). If this Agreement is the initial franchise agreement for your Franchised Business, you may enter into a maximum of two successor franchise agreements (each, a "Successor Agreement") as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement that we use in granting SwimRight Academy Franchises as of the expiration of the Term or renewal term, as applicable. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. Each renewal term will be ten years, for a maximum total term of 30 years. You will have no further right to operate your Franchised Business following the expiration of the final renewal term unless we grant you another Franchise in our sole discretion. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement, as well as your remaining renewal rights, if any. The Renewal Fee must be paid at the time you sign your Successor Agreement.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than six months nor more than nine months before the expiration of the Term or renewal term, as applicable; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) pay us a $7,000 renewal fee; (vi) remodel your Academy to comply with our then-current standards and specifications; (vii) have the right under your lease to maintain possession of your premises for the duration of the renewal term; and (viii) take any additional action that we reasonably require.

4.3. <u>Interim Term</u>. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis ("<u>Interim Term</u>") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Franchised Business following the expiration of the Term.

5. TRAINING

5.1. <u>Initial Training Program and Owner Orientation</u>. Before you open your Franchised Business, your Designated Manager, Operating Principal (both as defined in Section 8.1 below) and one head instructor must attend and successfully complete to our satisfaction our initial training program. Within two weeks of signing this Agreement, you must send up to two of your Owners (one of which must be an Operating Principal) to our headquarters in Los Angeles, California for a two day "Owner Orientation."

5.2. <u>Initial Training For New Operating Principal/Designated Manager/Head Instructor</u>. If you hire a new Designated Manager or Operating Principal or head instructor after we conduct our pre-opening initial training program, the new Designated Manager or Operating Principal or head instructor, as applicable, must attend and successfully complete our then-current initial training program and .

5.3. <u>Periodic Training</u>. We may offer periodic refresher or additional training courses for your Owners and employees. Attendance at these training programs may be mandatory. We will not require attendance at more than two periodic training course(s) during any calendar year.

5.4. <u>Additional Training Upon Request</u>. Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.

5.5. <u>Remedial Training</u>. If we conduct an inspection of your Academy and determine that you are not operating your Academy in compliance with this Agreement and/or the manual, we may, at our option, require that your Designated Manager, Operating Principal, head instructor and management personnel attend remedial training that is relevant to your operational deficiencies.

5.6. <u>Convention</u>. We may hold annual conventions to discuss various business issues and operational and general business concerns affecting SwimRight Academy franchisees. Attendance at these conventions is mandatory. We will not require attendance at more than one annual convention(s) during any calendar year. If we hold a convention, this fee is due regardless of whether or not you attend our annual convention in any given year.

5.7. <u>Training Fees and Expenses</u>. We will provide our initial training program at no additional charge for up to three people so long as each person attends the same training course. You must pay us our then-current training fee, currently $300 per person per day for: (i) each person that attends our initial training program after you open your Franchised Business (such as new Designated

Manager or Operating Principal or managers); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; and (iv) each person to whom we provide additional training that you request; and (v) each person who attends any system-wide or additional training that we conduct. We will provide our Owner Orientation at no additional charge for up to two Owners so long as each person attends the same training course. If we agree to provide on-site training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all travel, incidental and living expenses and costs that your trainees incur for training (including initial training and Owner Orientation) or attending conferences. If you transfer your Franchise, we may charge the new franchisee the then-current training fee for each of the transferee's owners and employees that attends our initial training program and Owner Orientation. If you request additional opening assistance and we agree, we will charge you our then-current fee, plus travel expenses. All training fees and expense reimbursements are due within ten days after invoicing.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Manual. During the Term, we will lend you or make available to you on our website one copy of our confidential franchise operations manual, which may include additional supplemental guides ("Franchise Operations Manual") in text or electronic form. The Franchise Operations Manual will help you establish and operate your Franchised Business. The information in the Franchise Operations Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. Site Selection and Design and Layout Specifications. We will consult with you on our current site selection guidelines and provide other site selection counseling. Our approved supplier will assist you with site selection, real estate and project management for the buildout of the Academy. Before leasing or purchasing the site for your Academy, you must submit to us a description of the site, with other information and materials we may reasonably require, and obtain our approval as described in Section 7.1 below.

6.3. Opening Assistance. We will send a representative to your Academy for your grand opening day to assist you with the opening of your Franchised Business. We will not charge a fee for this assistance.

6.4. General Guidance. Upon reasonable request and based upon our periodic inspections of your Academy or reports that you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Franchised Business. We will inform you of mandatory standards, specifications and procedures for the operation of your Academy. Advice will be given during our regular business hours and via written materials, electronic media, telephone, or other methods in our discretion.

6.5. Marketing Assistance. As further described in Section 11.1 and Section 11.3, we will administer the brand fund and provide you with other marketing assistance, advice and guidance during the Term.

6.6 Website. We have established a website for SwimRight Academy franchisees that will include the information about your Franchised Business that we deem appropriate. We may modify the content of and/or discontinue the website at any time in our sole discretion. Throughout the Term, we will also provide you with your own local webpage that will be linked to our main website. Your webpage will include localized information about your Franchised Business, such as location information and hours. We must approve all content on your webpage, but we will consider all information that you suggest in good faith. We will own the website (including your webpage) and domain name at all times. As long as we maintain a website, we will have the right to use the Brand Fund assets to develop, maintain and update the website. We will only be required to references your Franchised Business on the website, and provide you will your own local webpage while you are in full compliance with this Agreement and all System standards.

6.7. **Purchase Agreements with Suppliers**. We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, we will arrange for you to be able to purchase the products directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

7. ESTABLISHING YOUR ACADEMY

7.1. **Site Selection**. You agree to locate and obtain our approval of the premises from which you will operate your Franchised Business within 180 days after the Effective Date. The premises must be located within Territory and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs, and video tapes that we may reasonably require) for your proposed site. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within 30-day period. If we disapprove of the proposed site, you must select another site, subject to our consent. Our approval shall be evidenced by the execution of Attachment B by you and us. You understand that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for an Academy. Our approval of the site indicates only that we believe the site meets our minimum criteria. Your Academy must contain two pools, unless we grant you written approval otherwise.

7.2. **Lease or Purchase**. You must submit for review and approval any sale or lease contract before you sign it. You must purchase or lease, at your expense, the site for your Academy within 180 days after signing the Franchise Agreement. If you are unable to purchase or lease a site for your Academy within 180 days after signing the Franchise Agreement, we may terminate the Franchise Agreement. If you will lease the premises for your Academy, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Disclosure Document in Exhibit H. If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement, we have the right to disapprove of your lease in our commercially reasonable judgment, in which case you must find a new site for your Academy. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.

7.3. **Construction**. We will provide you with prototype plans for an Academy. You must hire an architect in order to modify these plans to comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Once approved, you must, at your sole expense, construct and equip the premises to the specifications contained in the Franchise Operations Manual and purchase (or lease) and install the equipment, fixtures, signs and other items that we require, all at your cost. We must approve the architects, contractors and other suppliers you use to construct your Academy. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the Franchise. Before you open, we must approve the layout of your Academy. We will provide you the names of any recommended contractors for the constructions of your Academy. We will provide you specifications for furniture, fixtures, equipment, inventory and supplies required to operate your Academy.

7.4. **Opening**. You must open your Franchised Business to the public within eighteen months after the Effective Date. You may not open your Franchised Business before: (i) successful completion of the Owner Orientation by your Operating Principal, (ii) successful completion of the initial training program by your Operating Principal and any Designated Manager and head instructor; (iii) you purchase all required insurance; (iv) you obtain all required licenses, permits and other governmental approvals; and (v) we provide our written approval of the construction, buildout and layout of your Academy. You must send us a written notice identifying your proposed opening date at least 30 days before opening. We will conduct a pre-opening inspection of your Academy and you agree to make any changes we require before opening. By virtue of opening your Franchised Business, you acknowledge that we have fulfilled all of our pre-opening obligations to you.

7.5. **Relocation**. If the lease for your Academy expires or is terminated without our fault, or if the site of the Academy is destroyed, condemned or otherwise rendered unusable, you may relocate your Academy with our prior written approval, which may be withheld in our sole discretion. If we allow you to relocate, you must: (i) locate your new Academy within your Territory and so as to not infringe upon the rights of other franchisees; (ii) comply with Section 7.1 through Section 7.4 of this Agreement with respect to your new Academy (excluding the eighteen month period); and (iii) open your new Academy and resume operations within 30 days after closing your prior Academy. Any relocation will be at your sole expense, and you will be required to reimburse us for our expenses.

8. MANAGEMENT AND STAFFING

8.1. **Owner Participation**. You acknowledge that a major requirement for the success of your Franchised Business is the active, continuing, and substantial personal involvement and hands-on supervision by you (if you are an individual) or by one of your Owners (if you are an entity). If you are an entity, you must designate an "Operating Principal" acceptable to us who will be principally responsible for communicating with us about the Franchised Business. The Operating Principal must have the authority and responsibility for the day-to-day operations of your SwimRight Academy Business and must be an Owner with at least twenty-five percent (25%) equity in you. The Operating Principal must at all times be actively involved in the operation of the Franchised Business on a full time basis and provide on-site management and supervision unless we authorize you to delegate management functions to a manager (a "Designated Manager"). Any new Operating Principal, Designated Manager or head instructor that we approve must successfully complete the initial training program. By signing the Agreement, each Owner agrees to be personally bound by all of its terms, even if the franchisee is an entity.

8.2. **Managers**. You may hire a Designated Manager to assume responsibility for the daily on-site management and supervision of your Franchised Business, but only if: (i) we approve the Designated Manager in our commercially reasonable discretion; (ii) the Designated Manager meets our then-current qualifications; (iii) the Designated Manager successfully completes the initial training program; (iv) the manager signs a System Protection Agreement (unless the Designated Manager is an Owner also, and has already signed an Owners Agreement); and (v) the Operating Principal or head instructor agrees to assume responsibility for the on-site management and supervision of your Franchised Business if the Designated Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement Designated Manager. Head instructors are responsible for the training and day-to-day supervision of all teaching staff at their Academy. Every new instructor shadows a head instructor in the water to learn the skill progression, hand positions and philosophies of the SwimRight Method©. Head instructors always lead by example; they should be ready and willing to help fellow instructors, parents or swimmers at any time. You must also have at all times a head instructor on staff who has successfully completed our initial training program.

8.3. **Employees**. You must determine appropriate staffing levels for your Franchised Business to ensure full compliance with this Agreement and our System standards. You may hire, train, and supervise employees to assist you with the proper operation of the Franchised Business. You must pay all wages, commissions, fringe benefits, worker's compensation premiums, and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training, and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the staff area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

9. **FRANCHISEE AS ENTITY**. If you are an Entity, you agree to provide us with a list of all of your Owners in the form described as Attachment C. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents, and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

10. **OWNERS AGREEMENT**. If you are an Entity, all Owners (whether direct or indirect) and their spouses must sign an Owners Agreement, the current form of which is attached as Attachment D.

11. **ADVERTISING & MARKETING**

11.1. **Minimum Required Expenditures**. **You** are required to spend at least 4% of your Gross Revenues on advertising and marketing. We allocate these required expenditures between the following categories in our sole discretion: (i) contributions to the brand fund; (ii) contributions to advertising cooperatives, if applicable; and (iii) local marketing activities. We will provide at least 30 days' prior notice of any change in the required allocation of funds between these categories.

11.2. **Brand Fund**.

(a) Administration. We have established and maintain a brand and system development fund ("Brand Fund") to promote public awareness of our brand and to improve our System. We may use the Brand Fund to pay for any of the following in our sole discretion: (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions, and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products, and services;

(vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the Brand Fund ("Brand Fund Contribution"); (xii) preparing and distributing financial accountings of the Brand Fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities. We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location, and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the Brand Fund may be invested and we may lend money to the Brand Fund if there is a deficit. The Brand Fund is not a trust, and we have no fiduciary obligations to you with respect to our administration of the Brand Fund. A financial accounting of the operations of the Brand Fund, including deposits into and disbursements from the Brand Fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the Brand Fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Fund Contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their Brand Fund Contributions. We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct, or administer the Brand Fund. We may dissolve the Brand Fund upon written notice to you.

(b) Brand Fund Contributions. On the same day as the Royalty payment, you must contribute the two percent of your Gross Revenue to the Brand Fund.

11.3. Your Marketing Activities.

(a) Generally. In addition to your required Brand Fund Contribution, you must spend, on a monthly basis, an average of two percent (2%) of your Gross Revenue (subject to the limitations described in Section 11.3) on local advertising to promote your Franchised Business ("Local Advertising Requirement") after your grand opening/start-up advertising period. If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to us, which will be contributed to the Brand Fund. We must approve all local advertising in accordance with Section 11.3(d). You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other SwimRight Academy Businesses under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates, and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all SwimRight Academy Businesses, and you will not issue coupons or discounts of any type except as approved by us.

(b) Grand Opening Campaign. During the period beginning three months before opening and ending three months after opening, you must spend a total of at least $15,000 and up to $40,000 on advertising and other marketing activities to promote your Franchised Business. You will follow our integrated marketing plan. We must approve all grand opening advertising in accordance with Section 11.3(d).

(c) Standards for Advertising. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state, and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

(d) Approval of Advertising. Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved and you modify). We will be deemed to have disapproved the materials if we fail to issue our approval within 30 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove).

(e) Internet and Websites. As described in Section 6 above, we have established a System website. You may not establish or maintain any other website or engage in any other electronic marketing of products or services without our prior written approval. All such information shall be subject to our approval prior to posting. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies, and requirements. If you wish to advertise online, you must follow our online policy, which is contained in our Franchise Operations Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

11.4. Advertising Cooperative. We have the right, but not the obligation, to create one or more advertising cooperatives for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. We have the right to determine the composition of all geographic territories and market areas for each advertising cooperative. You must pay the monthly cooperative advertising fee that is determined by the members of the cooperative, which will be due on the date established by cooperative members for the prior month's operations. This contribution will count towards the Local Advertisement Requirement. We reserve the right to form, change, merge, or dissolve advertising cooperatives in our discretion. If we elect to form such cooperatives, or if such cooperatives already exist near your territory, you will be required to participate in compliance with the provisions of the Franchise Operations Manual, which we may periodically modify in our discretion.

11.5. Marketing Assistance From Us. We will provide you with an initial recommended marketing plan for your Franchised Business. We may create and make available to you advertising and other marketing materials for your purchase. We may use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance, and support throughout the Term on an as needed basis.

12. OPERATING STANDARDS

12.1. Generally. You agree to operate your Franchised Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Agreement and the Franchise Operations Manual.

12.2. Franchise Operations Manual. You agree to establish and operate your Franchised Business in accordance with the Franchise Operations Manual. The Franchise Operations Manual may contain, among other things: (i) a description of the authorized products and services that you may offer at your Franchised Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services, and procedures that we prescribe from time to time for SwimRight Academy franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your Academy; policies and procedures pertaining to any gift card program or membership program that we establish; and (v) a written list of products and services (or specifications for products and services) you must purchase for the development and operation of your Franchised Business and a list of any designated or approved suppliers for these products or services. The Franchise Operations Manual is designed to establish and protect our brand standards and the uniformity and quality of the products and services offered by our franchisees. We can modify the Franchise Operations Manual at any time. The modifications will become binding 30 days after we send you notice of the modification. All mandatory provisions contained in the Franchise Operations Manual (whether they are included now or in the future) are binding on you.

12.3. Authorized Products and Services. You agree to offer all products and services that we require from time to time in our commercially reasonable discretion. You may not offer any other products or services at your Franchised Business without our prior written permission. You may not use your Academy or permit your Academy to be used for any purpose other than offering the products and services that we authorize. We may, without obligation to do so, add, modify or delete authorized products and services, and you must do the same upon notice from us. Our addition, modification, or deletion of one or more products or services shall not constitute a termination of the Franchise or this Agreement.

12.4. Suppliers and Purchasing. You agree to purchase or lease all products, supplies, equipment, services, and other items specified in the Franchise Operations Manual from time to time. If required by the Franchise Operations Manual, you agree to purchase certain products and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliates). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of products and services used, sold, or distributed in connection with the development and ongoing operation of your SwimRight Academy, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If you want us to approve a supplier that you propose, you must send us a written notice specifying the supplier's name and qualifications, and provide any additional information that we request. We will approve or reject your request within 60 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 60-day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier within ten days after invoicing.

12.5. Equipment Maintenance and Changes. You agree to maintain all of your equipment in good condition and promptly replace or repair any equipment that is damaged, worn out, or obsolete. We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System, and you agree to comply with any such required change within the time period that we reasonably prescribe.

12.6. Software and Technology. We may change the software or technology that you must use at any time. We may also develop proprietary software or technology that must be used by SwimRight Academy franchisees. If this occurs, you agree to enter into a license agreement with us (or an affiliate of ours) and pay us (or our affiliate) commercially reasonable licensing, support, and maintenance fees. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We also reserve the right to enter into a master software or technology license agreement with a third party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. All fees referenced in this Section are due on the same day as the Royalty payment for the prior month's operations.

In addition to the obligations described above, you agree to pay a technology fee to cover the costs of our provision of technology, software and services for the Franchised Business in the amount of our then-current fee ("Technology Fee"), currently $100 per month. This fee covers certain technologies used in the operation of your Franchised Business, including access to our Intranet, email system, any website sitelet hosting and any other related sitelet services. We reserve the right to upgrade, modify, remove and add new software. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional software.

12.7. Remodeling and Maintenance. You agree to remodel and make all improvements and alterations to your Academy that we reasonably require from time to time to reflect our then-current image, appearance, and facility specifications. We will not require that remodel your Academy more than once during any five (5) year period. However, there is no limitation on the cost of any remodeling that we may require as a condition to you renewing or transferring your Franchise. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However, we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current standards, specifications, or image requirements. You agree to maintain your Academy in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals, and alterations at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, and redecorating of the interior and exterior of the Academy at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the Academy as needed. You agree to comply with any maintenance, cleaning, or facility upkeep schedule that we prescribe from time to time. In our experience, most pool equipment on average lasts approximately five to seven years, although your pool equipment may differ based on a variety of factors.

12.8. Hours of Operation. Your Franchised Business must be open for operation the minimum number of days per week and hours per day as specified in the Franchise Operations Manual; or the hours otherwise approved in writing by us; or as required by the lease of the Academy. Your Franchised Business must be open every day of the year other than Thanksgiving Day, Christmas Day, New Year's Day and other national holidays, unless otherwise agreed to by us. You must establish specific hours of operation and submit those hours to us for approval.

12.9. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

12.10. Quality Assurance Programs. At any time, we reserve the right to engage the services of one or more "mystery shoppers" or quality assurance inspection firms who will inspect the Academy for quality control purposes. These inspections may address a variety of issues. You agree to fully cooperate with any such inspection.

12.11. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks.

13. FRANCHISE ADVISORY COUNCIL We have the right, but not the obligation to create an advisory council ("Council") to advise us on advertising policies. If we do create a Council, members of the Council will be selected by way of a voting method specified in the Council's bylaws, and the Council will be governed by bylaws. The purpose of the Council would be to provide input regarding the Brand Fund and to promote communications between us and all franchisees. The Council would serve in an advisory capacity only. We will have the power to form, change, or dissolve the Council, in our sole discretion.

14. FEES

14.1. Initial Franchise Fee; Initial Inventory. You agree to pay us a $35,000 initial franchise fee ("Initial Franchise Fee") in one lump sum at the time you sign this Agreement. The Initial Franchise Fee is fully earned by us and non-refundable once this Agreement has been signed. If this Agreement is being entered into in connection with your second or subsequent franchise under an Area Development Agreement with us, your Initial Franchise Fee will be the amount described in Attachment B. The Initial Franchise Fee is in consideration of all of our pre-opening assistance that we provide to allow you to open the Franchised Business and our lost or deferred opportunity to enter into this Agreement with others, and it also offsets some of our expenses for franchisee recruitment.

You will also be required to purchase initial inventory and supplies from our affiliate prior to opening your SwimRight Academy Business.

14.2. Royalty Fee. On the 15th day of each month, you agree to pay us a royalty fee equal to six percent (6%) of your Gross Revenues for the previous month.

14.3. Other Fees and Payments. You agree to pay all other fees, expense reimbursements, and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 14. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon products or services that you sell or based upon products or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

14.4. Late Fee/ Insufficient Funds. If any sums due under this Agreement have not been received by us or our affiliates when due then, in addition to those sums and a $100 fee per occurrence, you must pay us interest on the amounts past due at the rate equal to the lesser of 12% per annum (pro-rated on a daily basis), or the highest rate permitted by your state's law. If there are insufficient funds in your Account to cover any sums owed to us when due, then in addition to those sums and a $100 fee per occurrence, you must pay us the highest rate permitted by your state's law. If no due date has been specified by us, then interest begins to run ten days after we bill you.

14.5. Method of Payment. You must complete and send us an EFT Authorization Form allowing us to electronically debit a banking account that you designate ("Account") for: (i) all fees payable to us pursuant to this Agreement (other than the Initial Franchise Fee); and (ii) any amounts that you owe to us or any of our affiliates for the purchase of products or services. We will debit your Account for these payments on or after the due date. Our current form of EFT Authorization Form is attached to the Franchise Disclosure Document in Exhibit H. You must sign and deliver to us any other documents that we or your bank may require to authorize us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Franchised Business. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If there are insufficient funds in your Account to cover all amounts that you owe, any excess amounts that you owe will be payable upon demand, together with any late charge imposed pursuant to Section 14.4. If you make any payment of fees due us or our affiliates by means of credit card, we may charge a payment service fee ("Payment Service Fee") of up to three percent (3%) of the total amount charged.

14.6. Application of Payments. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

15. BRAND PROTECTION COVENANTS

15.1. Reason for Covenants. You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners, or persons associated with you or the Owners (including family members) could seriously jeopardize the entire Franchise, the Marks and the System because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our Franchise System.

15.2. Our Know-how. You and the Owners agree: (i) neither you nor any Owner will use the Know-how in any business or capacity other than the operation of your Franchised Business pursuant to this Agreement; (ii) you and the Owners will maintain the confidentiality of the Know-how at all times; (iii) neither you nor any Owner will make unauthorized copies of documents containing any Know-how; (iv) you and the Owners will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you and the Owners will stop using the Know-how immediately upon the expiration, termination, or Transfer of this Agreement, and any Owner who ceases to be an Owner before the expiration, termination, or Transfer of this Agreement will stop using the Know-how immediately at the time he or she ceases to be an Owner.

15.3. Unfair Competition During Term. You and your Owners agree not to unfairly compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing: (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates' or franchisees') to transfer their business to you or to any other person that is not then a franchisee of ours.

15.4. Unfair Competition After Term. During the Post-Term Restricted Period, you and your Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you and your Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not provide competitive products or services to customers who are located within, the Restricted Territory. If you or an Owner engages in a

Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

15.5. Immediate Family Members. The Owners acknowledge that they could circumvent the purpose of Section 15 by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge that it would be difficult for us to prove whether the Owners disclosed the Know-how to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 15 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period, or uses or discloses the Know-how. However, the Owner may rebut this presumption by furnishing evidence conclusively showing that the Owner did not disclose the Know-how to the family member.

15.6. Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors, and other persons associated with you or your Franchised Business who may have access to our Know-how, and who are not required to sign a System Protection Agreement, sign and send us a Confidentiality Agreement before having access to our Know-how (unless such person has already signed an Owners Agreement or System Protection Agreement). You must use your best efforts to ensure that these individuals comply with the terms of the Owners Agreement, System Protection Agreements and Confidentiality Agreements, as applicable, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing an Owners Agreement, System Protection Agreement or Confidentiality Agreement, as applicable, including reasonable attorney fees and court costs.

15.7. Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other SwimRight Academy franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Franchised Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. You and the Owners hereby waive any right to challenge the terms of this Section 15 as being overly broad, unreasonable, or otherwise unenforceable.

15.8. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 15 will cause substantial and irreparable damage to us and/or other SwimRight Academy franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 15 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 15.

16. YOUR OTHER RESPONSIBILITIES

16.1. **Insurance**. For your protection and ours, you agree to maintain the insurance policies that we specify in the Franchise Operations Manual from time to time. You agree to provide us with proof of coverage prior to opening, within ten days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated "A" or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Franchised Business. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds except for employment liability insurance policies; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive ten days' prior written notice of the termination, expiration, cancellation, or modification of the policy. If any of your policies fail to meet this criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon ten days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards, or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within ten days after invoicing, all costs and premiums that we incur. If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.

16.2. **Books and Records**. You agree to prepare and maintain at your Academy for at least five years after their preparation, complete and accurate books, records, accounts, and tax returns pertaining to your Franchised Business. You must maintain and, upon our request, furnish to us by email, mail, or facsimile, a written list of all of your customers. You must send us copies of your books and records within seven days of our request.

16.3. **Reports**. No later than the fifth day of each month, you must prepare and provide to us, monthly statements of: (i) your Gross Revenues and expenses for the prior month's operations; and (ii) your expenditures on local advertising required by Section 11.3(a) that were incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports that we require in the form and manner that we require. You agree to send us a copy of any report required by this Section upon request. If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the right to electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Franchised Business. If you fail to submit any required report or financial statement when due, and fail to submit the same within five days of request, you will pay us an amount equal to $100 per occurrence and $100 per week.

16.4. Financial Statements. Within 90 days after the end of each calendar year, you must prepare a balance sheet for your Franchised Business (as of the end of the calendar year) and an annual statement of profit and loss and source and application of funds. All financial statements must be: (i) verified and signed by you certifying to us that the information is true, complete, and accurate; (ii) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (iii) submitted in any format that we reasonably require. We have the right to require that your financial statements be audited by a certified public accountant. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose the financial statements, reports, and operating data to prospective franchisees, regulatory agencies, and others at our discretion, provided the disclosure is not prohibited by applicable law.

16.5. Legal Compliance. Without limiting the generality of anything else contained herein, you must secure and maintain in force all required licenses, permits, and regulatory approvals for the operation of your Franchised Business and operate and manage your Franchised Business in full compliance with all applicable laws, ordinances, rules, and regulations. You must notify us in writing within two business days of the beginning of any action, suit, investigation, or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation of your Franchised Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate, or rating by any governmental agency involving any health or safety law, rule, or regulation that reflects your failure to fully comply with the law, rule, or regulation.

17. INSPECTION AND AUDIT

17.1. Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to enter your Academy, evaluate your operations, and inspect or examine your books, records, accounts, and tax returns. Our evaluation may include watching or participating in your classes, contacting your landlord, students, and/or employees. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Franchised Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection.

17.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. If an audit reveals an understatement of your Gross Revenues or any amount that you owe us, you agree to immediately pay to us any additional fees that you owe us, together with any late fee payable pursuant to Section 14.4. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (ii) reveals an understatement of any amount due to us for weekly Gross Revenue by more than two percent (2%); in either case of which you agree to reimburse us for the cost of the audit and inspection, including, without limitation, reasonable accounting and attorney fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due ten days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

18. INTELLECTUAL PROPERTY

18.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we are the sole and exclusive owner of the Intellectual Property and the goodwill associated with the Marks;

(ii) your right to use the Intellectual Property is derived solely from this Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Franchised Business during the Term pursuant to, and only in compliance with, this Agreement, the Franchise Operations Manual, and all applicable standards, specifications, and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service, or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Franchise Operations Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title, or interest in any of the Intellectual Property.

18.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights, or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days at your expense. We will not be liable to you for any expenses, losses, or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution, or discontinuation of the Intellectual Property. You waive all other claims arising from or relating to any change, modification, substitution, or discontinuation of the Intellectual Property. We will not be liable to you for any expenses, losses, or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution, or discontinuation of the Intellectual Property.

18.3. Use of Marks. You agree to use the Marks as the sole identification of your Franchised Business; provided, however that you must identify yourself as the independent owner of your Franchised Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery, and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

18.4. Use of Know-how. We will disclose the Know-how to you in the initial training program, the Owner Orientation, the Franchise Operations Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Franchised Business. You acknowledge that the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Franchised Business during the Term.

18.5. Improvements. If you conceive of or develop any improvements or additions to the marketing, method of operation, or the products or services offered by a SwimRight Academy Business (collectively, "Improvements"), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a SwimRight Academy Franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a SwimRight Academy Business.

18.6. <u>Notification of Infringements and Claims</u>. You must immediately notify us of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge, or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding, or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

19. INDEMNITY. You and your Owners agree to indemnify the Indemnified Parties and hold them harmless for, from, and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the marketing, use, or operation of your Franchised Business or your performance and/or breach of any of your obligations under this Agreement; (ii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement; (iii) any labor, employment, or similar type of Claim pertaining to your employees, including claims alleging that we are a joint employer of your employees; and (iv) any actions, investigations, rulings, or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission, and the National Labor Relations Board. You and your Owners agree to give us notice of any action, suit, proceeding, claim, demand, inquiry, or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You and your Owners agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorney fees, within ten days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses, and attorney fees.

Provided that you are not in default under this Agreement or any other agreement with us, we will indemnify you and your Owners and hold them harmless for, from, and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted against you and/or your Owners based upon the violation of any third party's intellectual property rights caused by your use of our Marks in strict compliance with the terms of this Agreement and the Franchise Operations Manual. You must promptly notify us of any such Claim and fully cooperate with us in the defense of such Claim.

20. TRANSFERS

20.1. <u>By Us</u>. This Agreement and the Franchise is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

20.2. <u>By You</u>. You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and your

Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(a) the proposed transferee is, in our opinion, an individual of good moral character who has sufficient business experience, aptitude, and financial resources to own and operate a SwimRight Academy Business and otherwise meets all of our then-applicable standards for franchisees;

(b) you and your Owners have been in operation for at least one year and are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate;

(c) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program and the operating principal of the transferee has successfully completed or made arrangements to attend the Owner Orientation (and the transferee has paid us the training fee for each new person who must attend training);

(d) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(e) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Franchised Business;

(f) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate Initial Franchise Fee;

(g) you remodel your Academy to comply with our then-current standards and specifications, or you obtain a commitment from the transferee to do so;

(h) you pay us a transfer fee equal to 25% of our then-current Initial Franchise Fee to defray expenses that we incur in connection with the Transfer. A $1,000 non-refundable deposit is due at the time of transfer application submittal and the remaining balance is due at the time of the approved Transfer. Notwithstanding the foregoing, in the event that the transferor is a minority owner, the transfer fee will consist only of our costs;

(i) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(j) you enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement;

(k) we do not elect to exercise our right of first refusal described in Section 20.4;

(l) you, Owners and spouses execute a then-current form of our Owners Agreement and agree to comply with all post-transfer covenants;

(m) you pay all amounts due, including reasonable broker fees (if purchaser was referred to you through a broker that is not an affiliate of ours) and attorney's fees; and

(n) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the Franchise by the transferee.

20.3. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the Franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days after your death or disability. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Franchised Business in the manner required by this Agreement and the Franchise Operations Manual for a continuous period of at least three months.

20.4. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Franchised Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 20 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section.

21. TERMINATION

21.1. By You. You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 60 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 22 and all other obligations that survive the expiration or termination of this Agreement.

21.2. Termination By Us With Cure Period. We may, in our sole discretion, terminate this Agreement upon five days' written notice, with the opportunity to cure (except for the following Sections of 21.2, for which you are not granted an opportunity to cure: Sections 21.2 (i), (j), (l), (n), (o), (p), (q), (s) and (t)), for any of the following reasons, all of which constitute material events of default under this Agreement:

(a) if the Operating Principal, any Designated Manager or head instructor fails to satisfactorily complete the initial training program in the manner required by Section 5.1, or the Operating Principal fails to satisfactorily complete the Owner Orientation in the manner required by Section 5.1;

(b) if you fail to obtain our approval of your site within the time period required by Section 7.1;

(c) if you fail to secure a fully executed lease and Lease Addendum within the time period required by Section 7.2;

(d) if you fail to open your Franchised Business within the time period required by Section 7.4;

(e) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution, or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(f) if your Franchised Business, or a substantial portion of the assets associated with your Franchised Business, are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Franchised Business, and it is not discharged within five days of the levy;

(g) if you abandon or fail to operate your Franchised Business for three consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve;

(h) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Franchised Business, even if you or the Owner still maintain appeal rights;

(i) if you or an Owner: (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude, or any other material crime; (b) is subject to any material administrative disciplinary action; or (c) fails to comply with any material federal, state, or local law or regulation applicable to your Franchised Business;

(j) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;

(k) if you manage or operate your Franchised Business in a manner that presents a health or safety hazard to your customers, employees, or the public;

(l) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the Franchise;

(m) if you fail to pay any amount owed to us or an affiliate of ours within ten (10) days after receipt of a demand for payment;

(n) if you underreport any amount owed to us by more than two percent (2%), after having already committed a similar breach that had been cured in accordance with Section 17.2;

(o) if you make an unauthorized Transfer;

(p) if you make an unauthorized use of the Intellectual Property;

(q) if you breach any of the brand protection covenants described in Section 15;

(r) if any Owner, or the spouse of any Owner, breaches an Owners Agreement;

(s) if the lease for your premises is terminated due to your default; or

(t) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default.

21.3. **Additional Conditions of Termination**. In addition to our termination rights in Section 21.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Franchise Operations Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver a notice of default to you pursuant to this Section 21.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

21.4. **Mutual Agreement to Terminate**. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

21.5 **Assumption of Management.** We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Franchised Business: (i) if you are in breach of this Agreement; or (ii) upon your, the Designated Manager or Operating Principal's absence, termination, death, or disability; or (iii) upon your failure to comply with any provision of this Agreement, or any System standard and do not cure the failure within the time period we specify; or (iv) if this Agreement is terminated and we are deciding whether to exercise our option to purchase the Franchised Business under Section 22.2 below. The Interim Manager will have no liability to you except to the extent directly caused by its gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager, and you will defend, indemnify and hold us harmless for and against any of the Interim Manager's actions or omissions. If we appoint an Interim Manager to manage your Franchised Business, you agree to pay us (in addition to the Royalty Fee and Brand Fund Contributions and other amounts due to us or our affiliates) an amount equal to $500 per day that we or an Interim Manager manages the Franchised Business, plus our (or the Interim Manager's) direct out-of-pocket costs and expenses incurred by us, including our reasonable attorney, accountant and other professional fees and costs, for the period of time during which we assume management. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination of this Agreement.

If we (or an Interim Manager) assume the management of the Franchised Business, you acknowledge that we (or the Interim Manager) will have a duty to utilize only reasonable efforts and will not be liable to you or Owners for any debts, losses, or obligations the Franchised Business incurs, or to any of your creditors for any supplies, products, or other assets or services the Franchised Business purchases, while we (or the third party) manage it.

If we exercise our rights under this Section, that will not affect our right to terminate this Agreement under Section 21.2, above.

22. POST-TERM OBLIGATIONS

22.1. <u>Obligations of You and the Owners</u>. After the termination, expiration, or Transfer of this Agreement, you and the Owners agree to:

(a) immediately cease to use the Intellectual Property;

(b) pay us all amounts that you owe us;

(c) comply with all covenants described in Section 15 that apply after the expiration, termination, or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

(d) return all copies of the Franchise Operations Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights, or other identification relating to a SwimRight Academy Business, unless we allow you to transfer such items to an approved transferee;

(e) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;

(f) provide us with a list of all of your current, former, and prospective customers;

(g) assign all customer contracts to us (unless we allow you to transfer those contracts to an approved transferee);

(h) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your Franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Franchised

Business. If you fail to comply with your obligations under this section, you will pay us any expenses we incur to de-identify your SwimRight Academy Business;

(i) notify all telephone companies, listing agencies, and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Franchised Business; and (b) any regular, classified, or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names, and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names, and listings to us if you fail or refuse to do so); and

(j) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration, or Transfer of this Agreement.

22.2. Right to Purchase Facility and Assets.

(a) Generally. Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your Academy and/or its assets at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the "Appraisal Date"), and if we elect to make such purchase, we shall give you notice of our intent to purchase within 30 days after termination. We will notify you of the specific items that we wish to purchase (the "Acquired Assets"). We may also require that you assign your lease to us at no additional charge.

(b) Selecting Qualified Appraiser. You and we each shall agree on the appointment of an appraiser with experience appraising businesses comparable to your Franchised Business in the United States (a "Qualified Appraiser"). This appointment of the appraiser shall be made within 30 days after the Appraisal Date by agreeing in writing. If within this 30 day period, the parties fail to agree on a Qualified Appraiser, then a Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you.

(c) Information for Appraisal. You must furnish to the Qualified Appraiser a copy of your current financial statements, as well as your financial statements for the prior three years (or the period of time that you have operated your Franchised Business, if less than three years), together with the work papers and other financial information or other documents or information that the Qualified Appraiser may request. The Qualified Appraiser shall take into account the other information and factors that it deems relevant, but the Qualified Appraiser shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

(d) Appraisal Process. Within 60 days after the appointment the Qualified Appraiser, the Qualified Appraiser shall appraise the appraised assets at fair market value without taking into account any value for goodwill (the "Appraised

Value”). The Qualified Appraiser shall issue a report and the Appraised Value shall be the value determined by the Qualified Appraiser.

(e) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

(f) Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer a good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

22.3. Liquidated Damages. In the event of termination of this Agreement prior to its expiration date, you acknowledge that the Franchisor and Franchisee have considered the following in determining the amount of liquidated damages (“Liquidated Damages”): (i) that the amount of Liquidated Damages is reasonable under the circumstances existing at the time this Agreement is made; (ii) that the amount of Liquidated Damages bear a rational relationship to the damages the parties anticipate would flow from the breach of this Agreement; (iii) the agreement to the amount of the Liquidated Damages is necessary because actual damages are difficult or impossible to prove; and (iv) the amount of the Damages are not so large that they act as a penalty. You accordingly agree that in such event you shall be obligated to pay to us, the amount of the Liquidated Damages which are determined by multiplying the combined monthly average of Royalties and Brand Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open your Franchised Business through the date of early termination, multiplied by the lesser of 36; or (ii) the number of full months remaining in the Term, but in no instance shall such Liquidated Damages be less than $30,000. This amount of the Liquidated Damages shall be calculated based on the average monthly Royalty Fee payment, average monthly Transaction Fee payment and the average Brand Fund Contribution paid to us during the previous 12 months. Payment of the Liquidated Damages shall be due to us within 15 days after the effective date of termination or expiration.

23. DISPUTE RESOLUTION. The parties agree to submit any claim, dispute, or disagreement, including any matter pertaining to the interpretation of this Agreement or issues relating to the offer and sale of the Franchise or the relationship between the parties (a “Dispute”) to mediation before a mutually-agreeable mediator prior to arbitration. If the Dispute is not resolved by mediation within 30 days after either party makes a demand for mediation, the parties will submit the dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Notwithstanding the foregoing, any Dispute that involves an alleged breach of Section 15 or Section 18 will not be subject to mediation or arbitration unless otherwise agreed to by both parties, and either party may immediately file a lawsuit in accordance with this Section with respect to any alleged breach of Section 15 or Section 18. All mediation, arbitration, and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Los Angeles, California) and the parties irrevocably waive any objection to such venue. If we must enforce this Agreement in a judicial or arbitration proceeding, we will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you breach any term of this Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. **WE AND YOU**

IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

24. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, OR REPRESENTATIVES ABOUT THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED (1) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS AT LEAST FIVE BUSINESS DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT IS EXECUTED; AND (2) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF: (A) TEN BUSINESS DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES; OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE MAY HAVE NEGOTIATED TERMS OR OFFERED CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS, AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

25. GENERAL PROVISIONS

25.1. <u>Governing Law</u>. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the state in which your Franchised Business is located, without reference to its principles of conflicts of law), but any law of the state that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

25.2. <u>Relationship of the Parties</u>. You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Franchised Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards, and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

25.3. **Severability and Substitution**. Each section, subsection, term, and provision of this Agreement, and any portion thereof shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

25.4. **Waivers**. We and you may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including the right to demand exact compliance with every term, condition, and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the Franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal, or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure, or omission by us to exercise any right, power, or option, whether of the same, similar, or different nature, relating to other SwimRight Academy franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

25.5. **Approvals**. Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

25.6. **Force Majeure**. Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances.

25.7. **Binding Effect**. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns, and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

25.8. **Integration**. This Agreement constitutes the entire agreement between the parties and may not be changed except by a written document signed by both parties. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Franchise Operations Manual are part of this Agreement; however, notwithstanding the language above in Section 25.8, we may modify the Franchise Operations Manual at any time. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

25.9. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions, and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

25.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

25.11. Survival. All provisions that expressly or by their nature survive the termination, expiration, or Transfer of this Agreement (or the Transfer of an ownership interest in the Franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration, or Transfer, and until they are satisfied in full or by their nature expire, including, without limitation, Section 4, Section 14, Section 15, Section 17, Section 18, Section 19, Section 21, Section 22, Section 23 and Section 25.

25.12. Construction. The headings in this Agreement are for convenience only and do not define, limit, or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

25.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

25.14. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

25.15. Notices. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient), or first class mail, to the following addresses (which may be changed upon ten business days' prior written notice):

You: As set forth below your signature on this Agreement

Us: Swim Right Academy, Inc.
5870 W. Olympic Boulevard
Los Angeles, CA 90036

Notice shall be considered given at the time delivered by hand, or one business day after sending by fax, email, or comparable electronic system, or three business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

(Signature Page Follows)

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Swim Right Academy, Inc., a California corporation

By: ___________________________________
Name: ________________________________
Its: ____________________________________

YOU (If you are an entity):

______________________________________,
a(n)__________________________________

By: ___________________________________
Name: ________________________________
Its: ____________________________________

Franchisee's Principal Business Address:

____
____
____
____

YOU (If you are not an entity):

____
Name: _________________________________

____
Name: _________________________________

____
Name: _________________________________

____
Name: _________________________________

ATTACHMENT "A" TO THE SWIM RIGHT ACADEMY, INC. FRANCHISE AGREEMENT

DEFINITIONS

"Claim" or **"Claims"** means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that operates swim schools providing private and group swimming lessons for adults and children of all ages.

"Confidentiality Agreement" means our form of Confidentiality Agreement, the most current form of which is attached to the Franchise Disclosure Document in Exhibit H-3.

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow SwimRight Academy franchisees to use, sell, or display in connection with the marketing and/or operation of a Academy, whether now in existence or created in the future.

"Entity" means a corporation, partnership, limited liability company or other form of association.

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks.

"General Release" means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents, and employees, in both their corporate and individual capacities.

"Gross Revenues" means the total selling price of all products and services sold at, from, or through your SwimRight Academy Business, whether or not sold or performed at or from the SwimRight Academy Business, including the full redemption value of any voucher or coupon sold for use at the SwimRight Academy Business (fees retained by or paid to third party sellers of such vouchers or coupons are not excluded from this calculation), and all income and revenue of every other kind and nature related to the SwimRight Academy Business operation, whether for cash or credit, and regardless of collection in the case of credit.

"Indemnified Party" or **"Indemnified Parties"** means us and each of our past, present, and future owners, members, officers, directors, employees, and agents, as well as our parent companies, subsidiaries, and affiliates, and each of their past, present, and future owners, members, officers, directors, employees, and agents.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System, and Improvements.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Academy, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies, and information comprising the System and the Franchise Operations Manual.

"Losses and Expenses" means all compensatory, exemplary, and punitive damages; fines and penalties; attorney fees; experts fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities, and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Academy, including "SWIMRIGHT" and any other trademarks, service marks, or trade names that we designate for use in a Academy. The term "Marks" also includes any distinctive trade dress used to identify an Academy, whether now in existence or hereafter created.

"Owner" or **"Owners"** means any individual who owns a direct or indirect ownership interest in the Franchise or the Entity that is the Franchisee under this Agreement. "Owner" includes both passive and active owners.

"Post-Term Restricted Period" means, with respect to you, a period of two years after the termination, expiration, or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to you, a period of one year after the termination, expiration, or Transfer of this Agreement. "Post-Term Restricted Period" means, with respect to an Owner or spouse, a period of two years after the earlier to occur of: (i) the termination, expiration, or Transfer of this Agreement; or (ii) the Owner's Transfer of his or her entire ownership interest in the Franchise or the Entity that is the Franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to an Owner or spouse, a period of one year after the earlier to occur of: (i) the termination, expiration, or Transfer of this Agreement; or (ii) the Owner's Transfer of his or her entire ownership interest in the Franchise or the Entity that is the Franchisee, as applicable.

"Restricted Territory" means the geographic area within: (i) a five-mile radius from your Academy (and including your Academy itself); and (ii) a five-mile radius from all other Academy that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a two and one-half-mile radius from your Academy (and including your Academy itself).

"System" means our system for the establishment, development, operation, and management of a Swim Academy Business, including Know-how, proprietary programs and products, Franchise Operations Manual, and operating system

"System Protection Agreement" means our form of System Protection Agreement, the most current form of which is attached to the Franchise Disclosure Document in Exhibit H.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order, or decree), assignment, sale, conveyance, subdivision, sublicense, or other transfer or disposition of the Franchise (or any interest therein), the Franchised Business (or any portion thereof), or an ownership interest in an Entity that is the Franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the Franchisee, or by operation of law, will, or a trust upon the death of an Owner (including the laws of intestate succession).

ATTACHMENT "B" TO THE SWIM RIGHT ACADEMY, INC. FRANCHISE AGREEMENT

FRANCHISE DATA SHEET

1. **Effective Date**. The Effective Date of the Franchise Agreement is: ________________, 20___.

2. **Franchisee**. The Franchisee identified in the introductory paragraph of the Franchise Agreement is: ____

3. **Territory**. The Territory shall be as follows: ____

   ____

4. **Location**. The Location of the Franchised Business shall be as follows:

   ____

   ____

5. **Initial Franchise Fee**. If this Agreement is being entered into in connection with your first franchise, your Initial Franchise Fee is the amount described in Section 14.1. If this Agreement is being entered into in connection with your second or subsequent franchise under an Area Development Agreement with us, your Initial Franchise Fee will be the following amount:

   $__________

6. **Notice Address**. Franchisee's address for notices as set forth in Section 25.15 of the Franchise Agreement shall be as follows:

   Attn: ____________________________
   ____
   ____
   ____

FRANCHISOR:	**FRANCHISEE:**
Swim Right Academy, Inc., A California corporation	________________________________
By: ______________________________	By: ______________________________
Printed Name: ______________________	Printed Name: ______________________
Title: ____________________________	Title: ____________________________

ATTACHMENT "C" TO THE SWIM RIGHT ACADEMY, INC. FRANCHISE AGREEMENT

Franchisee: ____

Form of Ownership
(Check One)

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation/Incorporation: ____

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners:

Name	Address	Percentage Owned

Identification of Operating Principal. Your Operating Principal as of the Effective Date is _______ ____. You may not change the Operating Principal without prior written approval.

Identification of Designated Manager. Your Designated Manager, if applicable, as of the Effective Date is ____. You may not change the Designated Manager without prior written approval.

FRANCHISEE:

____

Date: ______________________________

By: _______________________________

Printed Name: ______________________

Title: ______________________________

ATTACHMENT "D" TO THE SWIM RIGHT ACADEMY, INC. FRANCHISE AGREEMENT

OWNERS AGREEMENT

As a condition to the execution by Swim Right Academy, Inc. ("**we**" or "**us**") of a Franchise Agreement with ________________________________ ("**Franchisee**"), each of the undersigned individuals ("**Owners**"), who constitute all of the owners of a direct or indirect `beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement ("**Owners Agreement**").

1. Acknowledgments.

1.1 **Franchise Agreement**. Franchisee entered into a franchise agreement with us effective as of ____________________________, 20___ ("**Franchise Agreement**"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 **Role of Owners**. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other entity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives, and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

3. Covenant Not To Compete and To Not Solicit.

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend, and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers. Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources, and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge, or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Swim Right Academy, Inc.
5870 W. Olympic Boulevard
Los Angeles, CA 90036

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. **Miscellaneous.**

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full, and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings, or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions, or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change, or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property, or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors, and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors, and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns, or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

______________________________	______________________________
(Insert Name and Address of Owner)	(Insert Name of Spouse)
______________________________	______________________________
(Insert Name and Address of Owner)	(Insert Name of Spouse)
______________________________	______________________________
(Insert Name and Address of Owner)	(Insert Name of Spouse)
______________________________	______________________________
(Insert Name and Address of Owner)	(Insert Name of Spouse)

Swim Right Academy, Inc. hereby accepts the agreements of the Owner(s) hereunder.

SWIM RIGHT ACADEMY, INC.

By: ______________________________

Title: ______________________________

EXHIBIT D

AREA DEVELOPMENT AGREEMENT

EXHIBIT D

SwimRight ACADEMY Championed by Lenny Krayzelburg

SWIM RIGHT ACADEMY, INC.

AREA DEVELOPMENT AGREEMENT

Area Developer: ______________________________

Date: ______________________________________

Territory:____________________________________

TABLE OF CONTENTS

Section **Page**

SWIM RIGHT ACADEMY, INC.
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("Agreement") is made and entered into on the effective date set forth in Attachment A to this Agreement ("Effective Date") by and between SWIM RIGHT ACADEMY, INC., a California corporation ("SwimRight Academy"), and the area developer listed in Attachment A to this Agreement ("Area Developer").

WITNESSETH:

WHEREAS, SwimRight Academy holds the franchise rights relating to the establishment, development and operation of swim schools which provide private and group swimming lessons for adults and children of all ages, and other related products and services ("SwimRight Academy Franchise");

WHEREAS, in addition to this Area Development Agreement, SwimRight Academy and Area Developer are contemporaneously entering into a Franchise Agreement ("Initial Franchise Agreement") for the right to establish and operate a single SwimRight Academy franchised business ("Initial Business"); and

WHEREAS, Area Developer desires to purchase an option to establish and operate SwimRight Academy Franchises within the territory described in Attachment A ("Development Territory"), under the development schedule described in Attachment B ("Development Schedule") and pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

1. GRANT

1.1 SwimRight Academy hereby grants to Area Developer the right to establish and operate the number of SwimRight Academy Franchises indicated in Section 1 of Attachment B within the Development Territory described in Attachment A. Each SwimRight Academy Franchise shall be operated according to the terms of the individual franchise agreement ("Franchise Agreement"). SwimRight Academy reserves the right, for itself and its affiliates, on any terms:

(a) to own, franchise, or operate SwimRight Academy Franchises at any location outside of the Development Territory, regardless of the proximity to the Development Territory;

(b) to use the SwimRight Academy trademarks (the "Marks") and system (the "System") to sell any products or services similar to those which Area Developer will sell, through any alternate channels of distribution within or outside of the Development Territory. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. SwimRight Academy exclusively reserves the Internet as a channel of distribution for itself and its affiliates, and Area Developer may not independently market on the Internet or conduct e-commerce except as provided in SwimRight Academy's online policy;

(c) to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution, or in the operation of a business operating swim schools which provide private and group swimming lessons for adults and children of all ages, and related products and services, at any location, including within the Development Territory, which may be similar to or different from the SwimRight Academy Franchise(s) operated by Area Developer;

(d) to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with Area Developer's SwimRight Academy Franchise(s), wherever located;

(e) to acquire and convert to the System operated by SwimRight Academy, any businesses offering products and services similar to those offered by SwimRight Academy Franchises, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the Development Territory, provided that in such situations, the newly-acquired businesses may not operate under the Marks in the Development Territory; and

(f) to implement multi-area marketing programs which may allow SwimRight Academy or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

SwimRight Academy is not required to pay Area Developer if it exercises any of the rights specified above within the Development Territory. SwimRight Academy does not pay compensation for soliciting or accepting orders inside the Development Territory.

1.2 If Area Developer is developing SwimRight Academy Franchises, and complies with the terms of this Agreement, the Development Schedule, and the individual Franchise Agreement for each SwimRight Academy Franchise, then SwimRight Academy will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any SwimRight Academy Franchises in the Development Territory during the term of this Agreement. Upon Area Developer's first failure to adhere to the Development Schedule, Area Developer will lose the exclusivity granted for the Development Territory. Any second or additional failures to adhere to the Development Schedule will constitute a material event of default under the Area Development Agreement, for which SwimRight Academy may, among other things: (i) terminate this Agreement; (ii) reduce the area of the Development Territory; (iii) permit Area Developer to extend the Development Schedule; or (iv) pursue any other remedy Franchisor may have at law or in equity, including but not limited to, a suit for non-performance. SwimRight Academy reserves all other rights, including the right to otherwise act in the manner permitted in any Franchise Agreement. Upon the expiration or termination of this Agreement; (a) Area Developer shall have no further right to construct, equip, own, open or operate additional SwimRight Academy Franchises which are not, at the time of such termination or expiration, the subject of a then-existing franchise agreement between Area Developer (or an affiliate of Area Developer) and SwimRight Academy which is then in full force and effect; and (b) SwimRight Academy or its affiliates or designees may thereafter itself construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate SwimRight Academy Franchises or SwimRight Academy businesses at any location(s) (within or outside of the Development Territory), without any restriction, subject only to the territorial rights granted, if any, for any then-existing SwimRight Academy Franchise pursuant to a validly subsisting franchise agreement executed for such SwimRight Academy Franchise. This Agreement is not a franchise agreement and Area Developer shall have no right to use in any manner the SwimRight Academy trademarks or area developer system by virtue hereof. Each SwimRight Academy Franchise will be governed by the individual Franchise Agreement signed by SwimRight Academy and Area Developer, or its affiliate, for each SwimRight Academy Franchise.

1.3 The Area Developer must own at least a fifty-one percent (51%) equity interest in the franchisee for each SwimRight Academy Franchise developed hereunder. In addition, Area Developer shall ensure that the day-to-day operations of each SwimRight Academy businesses are operated and managed by either the franchisee (or if the franchisee is an entity, an Operating Principal, as described below) or a designated manager who has been approved by SwimRight Academy ("Designated Manager"). If any franchisee is not an individual, it must designate an "Operating Principal" acceptable to SwimRight Academy who will be principally responsible for communicating with SwimRight Academy about the SwimRight Academy businesses, and who owns at least twenty-five percent (25%) of the equity in the franchisee. SwimRight Academy may require that the Designated Manager have an ownership interest in the franchise. Area Developer shall identify all equity owners of Area Developer by completing the Statement of Shareholders/Members/Partners attached to this Agreement as Attachment C. Area Developer shall provide SwimRight Academy with an updated form of Attachment C within ten business days of any change in the equity ownership of Area Developer. The failure of Area Developer to provide SwimRight Academy with an updated Attachment C within the time frame specified in this Section 1.4 shall constitute a material default of this Agreement.

2. TERM

Unless sooner terminated pursuant to the provisions of Section 7, the term of this Agreement shall expire upon the earlier of: (a) the Termination Date listed on Section 2 of Attachment B; or (b) completion of the obligations of the Development Schedule.

3. DEVELOPMENT FEE

Area Developer must pay a "Development Fee" in the amount set forth in Attachment A, depending the number of SwimRight Academy Businesses it has elected to develop. The initial franchise fee for the first unit to be opened under this Agreement will be as provided in the Initial Franchise Agreement and is included in the Development Fee. The initial franchise fee owed upon the execution of each additional single-unit Franchise Agreement to be developed under this Agreement will be 75% of the initial franchise fee due under the Initial Franchise Agreement and shall be paid upon execution of the lease for such additional franchised location. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether Area Developer opens any of the SwimRight Academy Franchises it is obligated to open in the Development Territory.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1 Area Developer shall exercise the development rights granted under this Agreement only by entering into a separate Franchise Agreement with SwimRight Academy for each SwimRight Academy Franchise for which a development right is granted. The Initial Franchise Agreement (for the first SwimRight Academy Franchise to be developed by Area Developer under this Agreement) shall be executed and delivered, concurrently with the execution and delivery of this Agreement. All subsequent SwimRight Academy Franchises developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by SwimRight Academy for a SwimRight Academy Franchise. Area Developer acknowledges that the then-current form of Franchise Agreement may differ from the Initial Franchise Agreement.

4.2 Development Schedule.

(a) Area Developer acknowledges and agrees that: (i) time is of the essence, and therefore; (ii) it will exercise its development rights strictly in accordance with Section 4.1 and the Development Schedule set forth on Attachment B. The Development Schedule on Attachment B designates the number of SwimRight Academy Franchises that must be developed before the end of each of the designated development periods ("Development Periods").

(b) During any Development Period, Area Developer may, with SwimRight Academy's prior written consent, develop more than the number of SwimRight Academy Franchises that Area Developer is required to develop during that Development Period by executing multiple Franchise Agreements during a single Development Period. Any Franchise Agreements executed during a Development Period in excess of the minimum number to be executed upon expiration of that Development Period shall be applied to satisfy Area Developer's development obligation during the next succeeding Development Period. Area Developer shall not execute more than the cumulative total number of Franchise Agreements that Area Developer is obligated to execute under this Agreement, as set forth above in the Development Schedule.

(c) Area Developer shall open each SwimRight Academy Franchise in accordance with the terms of the Franchise Agreement and shall execute the Franchise Agreements in accordance with the Development Schedule set forth on Attachment B.

(d) Failure by Area Developer to adhere to the Development Schedule shall result in a loss of the territorial rights granted in Section 1.2 of this Agreement. Failure by Area Developer to adhere to the Development Schedule on two or more occasions shall constitute a material event of default under this Agreement.

(e) If SwimRight Academy is not legally able to deliver a Franchise Disclosure Document to Area Developer by reason of any lapse or expiration of its franchise registration, or because SwimRight Academy is in the process of amending any such registration, or for any reason beyond SwimRight Academy's reasonable control, SwimRight Academy may delay acceptance of the site for Area Developer's proposed SwimRight Academy Franchise, or delivery of a franchise agreement, until such time as SwimRight Academy is legally able to deliver a Franchise Disclosure Document.

5. LOCATION OF SWIMRIGHT ACADEMY FRANCHISES

The location of each SwimRight Academy Franchise shall be selected by the Area Developer in accordance with the terms set forth in each Franchise Agreement signed by Area Developer, within the Development Territory.

6. FRANCHISE AGREEMENT

Area Developer shall not commence construction on, or open any SwimRight Academy Franchise until, among other things; the individual Franchise Agreement for that SwimRight Academy Franchise has been signed by both the Area Developer and SwimRight Academy.

7. DEFAULT AND TERMINATION

7.1 Area Developer will be in default of this Agreement if it (or its affiliate(s)): (a) fails to comply with the Development Schedule; or (b) otherwise fails to perform any of its obligations under this Agreement or any individual Franchise Agreement, including failing to comply with any transfer provisions. Upon Area Developer's first failure to adhere to the Development Schedule, Area Developer will lose the exclusivity granted for the Development Territory. Upon Area Developer's second or additional failures to adhere to the Development Schedule or any other default, SwimRight Academy shall have the right, at its option, and in its sole discretion, to do any or all of the following:

(a) terminate this Agreement;

(b) terminate the territorial exclusivity granted to Area Developer (if such territorial exclusivity has not already been terminated by a first failure to adhere to the Development Schedule, as described in Section 4.2(d) above);

(c) reduce the size of the Area Developer's Development Territory;

(d) permit Area Developer to extend the Development Schedule; or

(e) pursue any other remedy we may have at law or in equity, including but not limited to, a suit for non-performance.

7.2 This Agreement shall automatically terminate upon the death or permanent disability of Area Developer or any controlling principal of Area Developer ("Controlling Principal") who owns all or a part of the controlling interest ("Controlling Interest") in Area Developer. "Permanent Disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement for at least 90 consecutive days, and from which condition recovery within 90 days from the date of determination of disability is unlikely. Permanent Disability shall be determined by a licensed practicing physician selected by SwimRight Academy, upon examination of the person. If the person refuses to submit to an examination, such person shall automatically be deemed Permanently Disabled as of the date of such refusal for the purpose of this Section 7.2. The costs of any examination required by this Section 7.2 shall be paid by SwimRight Academy. Upon the death or claim of Permanent Disability of franchisee or any Controlling Principal who owns all or a part of the Controlling Interest in franchisee, franchisee or a representative of franchisee must promptly notify SwimRight Academy of such death or claim of Permanent Disability within 15 days of its occurrence.

7.3 In addition, if any individual Franchise Agreement issued to Area Developer or an approved affiliate of Area Developer, whether or not issued pursuant to this Agreement, is terminated for any reason, SwimRight Academy shall have the right to terminate this Agreement on immediate written notice to Area Developer. Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect, and SwimRight Academy shall have the right to open, or license others to open, SwimRight Academy Franchises within the Development Territory. For purposes of this Section 7.3, any Franchise Agreement issued by SwimRight Academy to Area Developer or its approved affiliates, or any corporation, partnership or joint venture, or their affiliates, in which Area Developer or any stockholder, partner or joint venturer of Area Developer, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to Area Developer.

7.4 In the event of a default by Area Developer, all SwimRight Academy's costs and expenses arising from such default, including reasonable accountant fees, attorney fees and reasonable hourly charges of administrative employees shall be paid to SwimRight Academy by Area Developer within 5 days after cure or upon demand by SwimRight Academy if such default is not cured.

8. ASSIGNMENT

8.1 SwimRight Academy shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and SwimRight Academy shall thereby be released from any and all further liability to Area Developer.

8.2 Area Developer may not assign this Agreement or any rights to the Development Territory. The provisions of this Section 8.2 shall not restrict Area Developer from transferring an open and operating SwimRight Academy Franchise in compliance with the assignment provisions contained in such SwimRight Academy Franchise's Franchise Agreement.

9. FORCE MAJEURE

In the event that Area Developer is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon notice to SwimRight Academy, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed 90 days.

10. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding of the parties with respect to the development of the Development Territory, and shall not be modified except by a written agreement signed by the parties hereto. However, nothing in this Agreement or any related agreement is intended to disclaim the SwimRight Academy's representations made in the Franchise Disclosure Document. Where this Agreement and any Franchise Agreement between the parties conflict with respect to the payment terms of initial franchise fees or equity interests held by the Area Developer or operating partners, the terms of this Agreement shall govern; otherwise, the terms of each franchise agreement shall govern with respect to that SwimRight Academy Franchise. Under no circumstances do the parties intend that this Agreement be interpreted in a way as to grant Area Developer any rights to grant sub-franchises in the Development Territory.

11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 It is acknowledged and agreed that Area Developer and SwimRight Academy are independent contractors and nothing contained herein shall be construed as constituting Area Developer as the agent, partner or legal representative of SwimRight Academy for any purpose whatsoever. Area Developer shall enter into contracts for the development of the Development

Territory contemplated by this Agreement at its sole risk and expense and shall be solely responsible for the direction, control and management of its agents and employees. Area Developer acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of SwimRight Academy, or to bind SwimRight Academy by any representations or warranties, and agrees not to hold itself out as having this authority.

11.2 Area Developer agrees to protect, defend, indemnify and hold SwimRight Academy harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Area Developer's carrying out its obligations hereunder. Area Developer agrees to reimburse SwimRight Academy within 30 days of submitting invoice to Area Developer for all costs of defending the matter, including all attorney fees incurred by SwimRight Academy whether or not Area Developer's insurer assumes defense of SwimRight Academy promptly when requested. SwimRight Academy has the right to approve any resolution or course of action, including but not limited to the selection of an attorney for the defense of a matter that could directly or indirectly have any adverse effect on SwimRight Academy or its trademarks or area developer system, or could serve as a precedent for other matters. Area Developer also agrees to indemnify SwimRight Academy for any fees, costs, or liabilities incurred by SwimRight Academy on Area Developer's behalf, including fees and costs incurred by SwimRight Academy to recover amounts due to Area Developer on Area Developer's behalf.

12. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

13. APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the state in which your Development Territory is located, which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.). The parties expressly consent to personal jurisdiction in the State of California and agree that, except as set forth in Section 15, the state and federal court(s) located in Los Angeles County, California will have exclusive jurisdiction for the purposes of carrying out this provision.

If applicable law implies a covenant of good faith and fair dealing in this Agreement, you and we agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees and area developers generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular area developer or franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

14. NOTICE

Whenever this Agreement requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested, to the other party at the addresses set forth below, unless written notice is given of a change of address.

All notices to Area Developer shall be conclusively deemed to have been received by Area Developer upon the delivery or attempted delivery of this notice to Area Developer's address listed herein, or the changed address.

Notices to SwimRight Academy:	Swim Right Academy, Inc. 5870 Olympic Boulevard Los Angeles, CA 90036
Notice to Area Developer:	Notice Address set forth in Attachment A of this Agreement

15. DISPUTE RESOLUTION.

Franchisor and Area Developer agree that any dispute between the parties arising out of the terms of this Agreement shall be governed in accordance with the terms and conditions set forth in the Initial Franchise Agreement, which terms and conditions are by this reference incorporated herein.

16. ACKNOWLEDGEMENTS

16.1 Area Developer acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different Area Development Agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that SwimRight Academy does not represent that all Area Development Agreements or franchise agreements are or will be identical.

16.2 Area Developer acknowledges that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which SwimRight Academy is a party.

16.3 Area Developer represents to SwimRight Academy that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder, and furthermore, that the execution of this Agreement is not in contravention of any other written or oral obligation of the Area Developer.

16.4 Area Developer acknowledges and accepts the following:

The success of the Area Developer in managing and operating multiple SwimRight Academy Franchises is speculative and will depend on many factors including, to a large extent, Area Developer's independent business ability. Area Developer has been given the opportunity and been encouraged to obtain independent advice from legal and other professionals before entering into this Agreement. This offering is not a security as that term is defined under applicable Federal and State securities laws. The obligation to train, manage, pay, recruit and supervise employees of the SwimRight Academy Franchises rests solely with Area Developer. Area Developer has not relied on any warranty or representation, expressed or implied, as to the potential success or projected income of the business venture contemplated hereby. No representations or promises have been made by SwimRight Academy to induce Area Developer to enter into this Agreement except as specifically included herein. SwimRight Academy has not made any representation, warranty or guaranty, express or implied, as to the potential revenues, profits or services of the business venture to Area Developer and cannot, except under the terms of this Agreement, exercise control over Area Developer's business. Area Developer acknowledges and agrees that it has no knowledge of any representation made by SwimRight Academy or its representatives of any information that is contrary to the terms contained herein.

(Signature page follows)

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement on the day and year first written above.

SWIMRIGHT ACADEMY:

SWIM RIGHT ACADEMY, INC.,
a California corporation

By: ____________________________________

Printed Name: ___________________________

Title: __________________________________

AREA DEVELOPER:

____
a(n) ____________________________________

By: ____________________________________

Printed Name: ___________________________

Title: __________________________________

ATTACHMENT A

DATA SHEET

1. Effective Date. The effective date of the Area Development Agreement, set forth in the introductory Paragraph of the Area Development Agreement is: ______________________, 20___.

2. Area Developer. The Area Developer set forth in the introductory Paragraph of the Area Development Agreement is: ____

3. Description of the Development Territory:

____

____

____

4. Development Fee: The Development Fee, as set forth in Section 3 of the Area Development Agreement is:

Number of SwimRight Academy Franchises (including the SwimRight Academy Franchise under the Initial Franchise Agreement)	______
*Initial Franchise Fee under the Initial Franchise Agreement	$______
*Fee for each additional SwimRight Academy to be Developed Under this Agreement (i.e., 25% of the Initial Franchise Fee for each additional SwimRight Academy)	$______
Total Development Fee:	$______

5. Area Developer's Principal Address: The Area Developer's Principal Address is:

Attn: ______________________
____
____
____

6. Notice Address. The notice address for Area Developer, as set forth in Section 13 of the Area Development Agreement, is:

Attn: ______________________
____
____
____

(Signatures on following page)

SWIMRIGHT ACADEMY:

SWIM RIGHT ACADEMY, INC.,
a California corporation

By: ___________________________________

Printed Name: __________________________

Title: _________________________________

AREA DEVELOPER:

____
a(n) __________________________________

By: ___________________________________

Printed Name: __________________________

Title: _________________________________

ATTACHMENT B

DEVELOPMENT SCHEDULE

1. Number of SwimRight Academy Franchises to be developed under this Agreement (including the Initial Business): ___________________

2. The termination date of this Agreement shall be the earlier of the date the Development Schedule is complete or ________________________, 20___.

3. Development Schedule:

SwimRight Academy Franchise	Development Period Ending Date	Franchise Agreement Execution Deadline
1		Date of execution of Area Development Agreement
2		

SWIM RIGHT ACADEMY:

SWIM RIGHT ACADEMY, INC.,
a California corporation

By: ______________________________________
Printed Name: _____________________________
Title: _____________________________________

AREA DEVELOPER:

____
a(n) ______________________________________

By: ______________________________________
Printed Name: _____________________________
Title: _____________________________________

ATTACHMENT C

STATEMENT OF SHAREHOLDERS/MEMBERS/PARTNERS

The shareholders, members, or partners (collectively the "Shareholders") of the Area Developer and their respective shareholdings are as follows:

NAME OF SHAREHOLDER	NUMBER AND DESIGNATION OF SHARES	OWNERSHIP PERCENTAGE

AREA DEVELOPER:

____
a(n) ___________________________________

By: ___________________________________

Printed Name: ____________________________

Title: __________________________________

EXHIBIT E

LIST OF CURRENT AND FORMER FRANCHISEES AND AREA DEVELOPERS

Current Franchisees as of September 30, 2017:

None

Current Area Developers as of September 30, 2017:

None

Franchisees with Unopened Outlets as of the Issuance Date:

None

Former Franchisees:

The name and last known address of every franchisee who had a SwimRight Academy Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period October 1, 2016 to September 30, 2017, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

None

Former Area Developers:

The name and last known address of every area developer who had a SwimRight Academy Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Area Development Agreement during the period October 1, 2016 to September 30, 2017, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

None

EXHIBIT F

STATE ADDENDA
AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR SWIM RIGHT ACADEMY, INC.

The following modifications are made to the Swim Right Academy, Inc. ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated ________________________, 20___ ("**Franchise Agreement**"). When the term "**Franchisor's Choice of Law State**" is used, it means the laws of the state where the SwimRight Academy Business is located. When the term "Supplemental Agreements" is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor's Choice of Law State. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Franchisor's Choice of Law State. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the

Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

<u>HAWAII</u>

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS

FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates".

2. States which have refused, by order or otherwise, to register these Franchises are:

   None

3. States which have revoked or suspended the right to offer the Franchises are:

   None

4. States in which the proposed registration of these Franchises has been withdrawn are:

   None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

INDIANA

Item 8 of the FDD is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

> Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

> No competing business for two years within the Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

> Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

> Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

> Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

> > No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

________________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Swim Right Academy, Inc., 5870 W. Olympic Boulevard, Los Angeles, CA 90036 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____________________________

By: ___________________________________

Print Name: ____________________________

Its: ____________________________________

Date: __________________________________

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND AREA DEVELOPMENT AGREEMENT

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Representations in the Franchise Agreement and Area Development Agreement are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD, section 7.2 of the Franchise Agreement and Section 13 of the Area Development Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

The Franchise Agreement and franchisee questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

    No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action

accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. Item 6 of the FDD and Section 14.4 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

NEW YORK

The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

The following is added at the end of Item 3:

Except as provided above, with regard to Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the Franchise System or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

The following is added to the end of Item 4:

Neither the Franchisor, its affiliate, its predecessor, officers or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for Franchisee to renew or extend," and Item 17(m), entitled "Conditions for Franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the "Summary" section of Item 17(d), titled "Termination by Franchisee":

You may terminate the agreement on any grounds available by law.

The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by Franchisor:"

However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor's obligations under the Franchise Agreement.

The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of Forum", and Item 17(w), titled "Choice of Law:"

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 15 of the Franchise Agreement and Section 1.1 of the Area Development Agreement disclose the existence of certain covenants restricting competition to which Franchisee and Area Developer must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials________________ Date____________

NOTICE OF CANCELLATION

________________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Swim Right Academy, Inc., 5870 W. Olympic Boulevard, Los Angeles, CA 90036 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: ______________________________________

By: ____
Print Name: _________________________________
Its: ____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

> "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Swim Right Academy, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

> Additional Disclosure. The following statements are added to Item 8 and Item 17.h.
>
> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐	California	☐	Michigan	☐	Rhode Island
☐	Hawaii	☐	Minnesota	☐	South Dakota
☐	Illinois	☐	New York	☐	Virginia
☐	Iowa	☐	North Dakota	☐	Washington
☐	Indiana	☐	Ohio	☐	Wisconsin
☐	Maryland				

Dated: _____________________, 20____

FRANCHISOR:

SWIM RIGHT ACADEMY, INC.

By: ____

Title: ____

FRANCHISEE:

____

____

By: ____

Title: ____

Rev. 031516

<u>**EXHIBIT G**</u>

FRANCHISE OPERATIONS MANUAL

TABLE OF CONTENTS

Table of Contents

EXHIBIT H

CONTRACTS FOR USE WITH THE SWIMRIGHT ACADEMY FRANCHISE

The following contracts contained in Exhibit H are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the SwimRight Academy Business. The following are the forms of contracts that Swim Right Academy, Inc. uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked "Sample," they are subject to change at any time.

EXHIBIT H-1

SWIMRIGHT ACADEMY FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of ____________________, 20___ by _______________________________________, a(n) _____________________________ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Swim Right Academy, Inc., a California corporation ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a SwimRight Academy Business;

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] or **[the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release]**, and Franchisor has consented to such **[transfer/successor franchise agreement/amendment/termination/other reason]**; and

WHEREAS, as a condition to Franchisor's consent to **[transfer the Agreement/enter into a successor franchise agreement/amend the agreement/terminate the Agreement/other reason]**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without

limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of California.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

____, a

____

By: ____

Name: ______________________________________

Its: ____

FRANCHISEE'S OWNERS:

Date ________________________

____
Signature

____
Typed or Printed Name

Rev. 020217

EXHIBIT H-2

SWIMRIGHT ACADEMY FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement ("Agreement") is entered into by the undersigned ("you" or "your") in favor of Swim Right Academy, Inc., a California corporation, and its successors and assigns ("us," "we," or "our"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a SwimRight Academy Business operating pursuant to a franchise agreement with us.

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a SwimRight Academy Business or the solicitation or offer of a SwimRight Academy franchise, whether now in existence or created in the future.

"Franchisee" means the SwimRight Academy franchisee for which you are a manager or officer.

"Franchisee Territory" means the territory granted to you pursuant to a franchise agreement with us.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a SwimRight Academy Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means our confidential operations manual for the operation of a SwimRight Academy Business, which may be periodically modified by us.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a SwimRight Academy Business, including "SWIMRIGHT," and any other trademarks, service marks, or trade names that we designate for use by a SwimRight Academy Business. The term "Marks" also includes any distinctive trade dress used to identify a SwimRight Academy Business, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce: (a) any of our employees or managers (or those of our affiliates or

franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two-year period after you cease to be a manager or officer of Franchisee's SwimRight Academy Business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one year period after you cease to be a manager or officer of Franchisee's SwimRight Academy Business.

"Restricted Territory" means the geographic area within: (i) a five-mile radius from Franchisee's SwimRight Academy Business (and including the premises of the approved location of Franchisee); and (ii) a five-mile radius from all other SwimRight Academy Businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 2.5-mile radius from Franchisee's SwimRight Academy Business (and including the premises of the approved location of Franchisee).

"System" means our system for the establishment, development, operation, and management of a SwimRight Academy Business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the SwimRight Academy Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee's SwimRight Academy Business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee's SwimRight Academy Business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. **Immediate Family Members**. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. **Covenants Reasonable**. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. **Breach**. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other SwimRight Academy franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. **Miscellaneous**.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of the state where the SwimRight Academy Business is located, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

Date___________________________________ ____

Signature

____

Typed or Printed Name

EXHIBIT H-3

SWIMRIGHT ACADEMY FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is entered into by the undersigned ("you") in favor of Swim Right Academy, Inc., a California corporation, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Copyrights" means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow SwimRight Academy franchisees to use, sell, or display in connection with the marketing and/or operation of a SwimRight Academy Business, whether now in existence or created in the future.

"Franchisee" means the SwimRight Academy franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a SwimRight Academy Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means our confidential operations manual for the operation of a SwimRight Academy Business.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a SwimRight Academy Business, including "SWIMRIGHT" and any other trademarks, service marks, or trade names that we designate for use by a SwimRight Academy Business. The term "Marks" also includes any distinctive trade dress used to identify a SwimRight Academy Business, whether now in existence or hereafter created.

"SwimRight Academy Business" means a business that operates swim schools which provide private and group swimming lessons for adults and children of all ages and other related products and services using our Intellectual Property.

"System" means our system for the establishment, development, operation, and management of a SwimRight Academy Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the SwimRight Academy Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Swim Right Academy, Inc. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other SwimRight Academy franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of Swim Right Academy, Inc., you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of the state of California, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date__________________________________

____
Signature

____
Typed or Printed Name

EXHIBIT H-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

____
Franchisee Name | Business No.

____
Franchisee Mailing Address (street) | Franchisee Phone No.

____
Franchisee Mailing Address (city, state, zip)

____
Contact Name, Address and Phone number (if different from above)

____
Franchisee Fax No. | Franchisee Email Address

Bank Account Information:

____
Bank Name

____
Bank Mailing Address (street, city, state, zip)

☐ Checking ☐ Savings
____
Bank Account No. | (check one) | Bank Routing No. (9 digits)

____
Bank Mailing Address (city, state, zip) | Bank Phone No.

Authorization:

Franchisee hereby authorizes Swim Right Academy, Inc. ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: ___________________________________ Date: ___________________________________
Name: ______________________________________
Its: ____

Rev. 032916

Federal Tax ID Number: ________________________

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

EXHIBIT H-5

SWIMRIGHT ACADEMY FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("**Agreement**") is entered into this _____ day of __________________________, 20_____, between Swim Right Academy, Inc. ("**Franchisor**"), a California Corporation, _________________________ ("**Former Franchisee**"), the undersigned owners of Former Franchisee ("**Owners**") and _______________________________, a [State] [Corporation/Limited Liability Company] ("**New Franchisee**").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated __________________________, 20______ ("**Former Franchise Agreement**"), in which Franchisor granted Former Franchisee the right to operate a SwimRight Academy franchise located at ___________________________________ ("**Franchised Business**"); and

WHEREAS, Former Franchisee desires to assign ("**Requested Assignment**") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor's current form of franchise agreement together with all exhibits and attachments thereto ("**New Franchise Agreement**"), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("**Franchisor's Assignment Fee**").

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee's signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a SwimRight Academy franchise as stated in Franchisor's Franchise Disclosure.

6. Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the state where the SwimRight Academy Business is located.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

SWIM RIGHT ACADEMY, INC.

By: ____

Title: ____

FORMER FRANCHISEE:

____

By: ____

Title: ____

NEW FRANCHISEE:

____

By: ____

Title: ____

Rev. 082418

EXHIBIT H-6

SWIMRIGHT ACADEMY FRANCHISE

SAMPLE LEASE ADDENDUM

This Addendum to Lease ("**Addendum**"), dated ______________________________, 20___, is entered into by and between ____ ("**Lessor**"), ____ ("**Lessee**") and Swim Right Academy, Inc. ("**Franchisor**"), collectively referred to herein as the "**Parties**".

A. Lessor and Lessee have entered into a certain Lease Agreement dated _______________________________, 20___, and pertaining to the premises located at ____ ("**Lease**").

B. Lessor acknowledges that Lessee intends to operate a franchised business from the leased premises ("**Premises**") pursuant to a Franchise Agreement ("**Franchise Agreement**") with Franchisor under Franchisor's trademarks and other names designated by Franchisor (herein referred to as "**Franchised Business**" or "**Franchise Business**").

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Lessor hereby consents to Lessee's use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Lessee's use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Lessee shall have the right, without further consent from Lessor, to sublease or assign all of Lessee's right, title, and interest in the Lease to a Franchise Assignee (as defined below) at any time during the term of the Lease, including any extensions or renewals thereof, in accordance with the Collateral Assignment of Lease attached hereto as Attachment 1 or otherwise. No assignment shall be effective until a Franchise Assignee gives Lessor written notice of its acceptance of the assignment and assumption of the Lease. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Lessee shall remain liable under the terms of the Lease and the assignee or sublessee shall retain all of the Lessee's rights granted in the Lease related to: (i) any grant of a protected territory or use exclusivity; and (ii) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under this Addendum, Lessor hereby waives any rights it may have to recapture the Premises or modify any terms or conditions of the Lease. Franchisor shall have the right to sublet or reassign the Lease to another Franchise Assignee without Lessor's consent in accordance with Section 3(a) in which event Franchisor shall be released of any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's

parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. In the event there is a default or violation of the Lease by Lessee, Lessor shall contemporaneously provide to Franchisor a copy of any written notice of such default or violation that Lessor delivers to Lessee. Franchisor shall have the right, but not the obligation, to cure the default during Lessee's cure period plus an additional ten (10) day period. Franchisor will notify Lessor whether it intends to cure the default prior to the end of Lessee's cure period.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

Swim Right Academy, Inc.
5870 W. Olympic Boulevard
Los Angeles, CA 90036

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

c. Following Franchisor's approval of the Lease, Lessee and Lessor agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. Upon Lessee's default and failure to timely cure under either the Lease or the Franchise Agreement, a Franchise Assignee designated by Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest under the Collateral Assignment of Lease or otherwise, provided such Franchise Assignee cures a default of the Lease no later than ten days following the end of Lessee's cure period.

b. If Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business.

c. If any Franchise Assignee purchases any assets of Lessee, Lessor shall permit such Franchise Assignee to remove all the assets being purchased, and Lessor waives any lien rights that Lessor may have on such assets.

6. Consideration; No Liability.

a. Lessor acknowledges that the Franchise Agreement requires Lessee to receive Franchisor's approval of the Lease prior to Lessee executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Lessor acknowledges Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Attachment 1.

b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor, and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Lessor has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

IN TESTIMONY WHEREOF, witness the signatures of the Parties hereto as of the day, month, and year first written above.

LESSOR:	**LESSEE:**
______________________________	______________________________
By: ___________________________	By: ___________________________
Printed Name: __________________	Printed Name: __________________
Title: _________________________	Title: _________________________

FRANCHISOR:
SWIM RIGHT ACADEMY, INC.

By: ______________________________

Printed Name: ______________________

Title: ____________________________

EXHIBIT H-6 Attachment 1

ATTACHMENT 1 TO LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the ___ day of _________________, 20___ ("**Effective Date**"), the undersigned, __________________________________ ("**Assignor**") hereby assigns, transfers and sets over unto ________________________ ("**Assignee**") all of Assignor's right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A** ("**Lease**") with respect to the premises located at ____. This Collateral Assignment of Lease ("**Assignment**") is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor ("**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee's sole discretion, to: (i) cure Assignor's default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee's rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

(Signatures on following page)

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

____

By: ___________________________________

Printed Name ___________________________

Its: ___________________________________

ASSIGNEE:

____

By: ___________________________________

Printed Name ___________________________

Its: ___________________________________

EXHIBIT I

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Swim Right Academy, Inc. ("we" or "us"), and you are preparing to enter into a Franchise Agreement, and an Area Development Agreement, if applicable, for the operation of a SwimRight Academy franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement, and the Area Development Agreement, if applicable.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer in the table provided below.

l.	Yes__	No__	Have you received and personally reviewed the Franchise Agreement, and the Area Development Agreement, if applicable, and each attachment or exhibit attached to it that we provided?
2.	Yes__	No__	Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
3.	Yes__	No__	Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4.	Yes__	No__	Do you understand all the information contained in the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement, if applicable?
5.	Yes__	No__	Have you reviewed the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement, if applicable, with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
6.	Yes__	No__	Have you had the opportunity to discuss the benefits and risks of developing and operating a SwimRight Academy Franchise with an existing SwimRight Academy franchisee?
7.	Yes__	No__	Do you understand the risks of developing and operating a SwimRight Academy Franchise?
8.	Yes__	No__	Do you understand the success or failure of your SwimRight Academy Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
9.	Yes__	No__	Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement, and the Area Development Agreement, if applicable, must be arbitrated in California, if not resolved informally or by mediation?

10. Yes__ No__ Do you understand that you must satisfactorily complete the initial training program before we will allow your SwimRight Academy Franchise to open or consent to a transfer of the SwimRight Academy Franchise to you?

11. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a SwimRight Academy Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

12. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, Area Development Agreement, if applicable, and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

13. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a SwimRight Academy Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

14. Yes__ No__ Do you understand that the Franchise Agreement, and the Area Development Agreement, if applicable, including each attachment or exhibit to the Franchise Agreement, and the Area Development Agreement, if applicable, contains the entire agreement between us and you concerning the SwimRight Academy Franchise, meaning any prior oral or written statements not set out in the Franchise Agreement, and the Area Development Agreement, if applicable, or the attachments or exhibits to the Franchise Agreement, and the Area Development Agreement, if applicable, will not be binding?

15. Yes__ No__ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Date ______________________________	Date ______________________________

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

Rev. 032916

EXHIBIT J

RECEIPT

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Swim Right Academy, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Swim Right Academy, Inc. must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Swim Right Academy, Inc. to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Swim Right Academy, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Lenny Krayzelburg, 5870 W. Olympic Boulevard, Los Angeles, CA 90036; (323) 525-0323
Molly Goldberg, 5870 W. Olympic Boulevard, Los Angeles, CA 90036; (720) 420-0433
Jared Weston, 5870 W. Olympic Boulevard, Los Angeles, CA 90036; (323) 525-0323

Issuance Date: September 4, 2018

I received a disclosure document issued September 4, 2018 which included the following exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit E	List of Current and Former Franchisees/Area Developers
Exhibit F	State Addenda and Agreement Riders
Exhibit G	Franchise Operations Manual Table of Contents
Exhibit H	Contracts for use with the SwimRight Academy Franchise
Exhibit I	Franchise Disclosure Questionnaire
Exhibit J	Receipt

Date	Signature	Printed Name	
Date	Signature	Printed Name	Rev. 012417

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT
(Our Copy)

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Date	Signature	Printed Name
Date	Signature	Printed Name

Rev. 012417

Please sign this copy of the receipt, date your signature, and return it to Swim Right Academy, Inc., 5870 W. Olympic Boulevard, Los Angeles, CA 90036.